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LOCALISATION IN A GLOBALISED AGE

The Rise of Transformational Leadership and Postnational Participation at the Local Level

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LOCALISATION IN A GLOBALISED AGE

The Rise of Transformational Leadership and Postnational Participation at the Local Level

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Abstract

The global competition economy is impacting the way local government is run and how local elected officials behave. Within local government, elected officials are reacting to the changes by positioning themselves within the global political economy. Two key actors linking the global and the local are local elected officials and ethnic entrepreneurs. It is important to understand what behaviours are facilitating the connection of local economies to the global economy and what local structures enable or inhibit the activity. This research examines the changing behaviours and structures at the local level as a result of globalisation.

The research presents positive indicators from empirical research and three local case studies that a dyadic arrangement of transformational leadership and a legislative-activist structure appear more likely to connect a local economy to opportunities in the global economy. Further, in the areas examined within this research, it emerges that a politically motivated elected official advances a local connection to the global stage more than one motivated by a purely public servant agenda; and representation embodied by a political party and global ideals connects the local to the global with greater frequency than a correlation to a local or national representational focus.

The research is based on and expands several fields of study including international relations, economics, immigration and politics. The empirical research and case studies contribute to the existing body of literature by providing a conceptual framework for structure-plus-agency to view and understand how the global economy impacts the behaviour of local elected officials and ethnic entrepreneurs and how changing structures in local government facilitate or constrain these activities. Further, the research presents a new measure for behaviour and structure (based on Clark and Moonen, 2013) to extrapolate the potential for local participation in a global economy.

Acknowledgements

This is a thesis about cities and how people position themselves in cities whilst living in and engaging with a globalised world. I have written the words on these pages, but the project is only possible with the support of many people and those that have come long before me – and have enabled me to be who I am today. In this respect, it is also a story about my people and their cities and journeys in the world starting in Villa Rosa, Italy and culminating (for now) in London, England.

Both sets of my great-great grandparents, Pietro Mazzaresse & Rosalia Larocca and Guiseppa Lodico & Calogera Macaluso lived in the small village of Villa Rosa, Sicily. My great-grandparents, Antonino Mazzaresse & Angelina Lodico, immigrated to New York City in 1910 where my great-grandfather became an immigrant entrepreneur as a vegetable cart busker. From there they followed work in the mining industry to Johnstown, Pennsylvania where my grandmother Rose Mazzaresse was born in 1914. In 1954 my grandmother Rose married, Eddie Poraczky, a self-made man who taught himself electrical and structural engineering. Rose and Eddie instilled a love of learning and education as a way to thrive and survive for me and my brother, Saker Alexander. Without their early teachings, to be curious and seek to understand the world around you, I am certain my life would be much different and less fulfilling. Similarly, my parents, Diane Alexander, Michael Alexander and David Hochadel, all living and working in Youngstown, Ohio, have provided all the love and support a child needs to succeed in the world.

I met my wife, Monica Cunningham, in Cleveland, Ohio after she relocated with her family from Miami, Florida via Boston, Massachusetts. She has enhanced my desire to learn by adding a passion for life and for travelling the world to understand not only how we live and love in it, but how everyone does as well. She has given me the love and support needed for us to take a leap of faith and immigrate to London, England and for me to pursue my PhD. It is in London, at King's College where my supervisors, Leila Simona Talani and Alexander Clarkson, along with my friend and colleague Simon McMahon, provided the academic guidance for me to accomplish this project.

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Chapter 1

Introduction: Localisation in a Global Economy

1.1 The fundamental argument

In a global economy, the role of the locality and the actors within it are transforming as the role of the nation-state is evolving (Cerny 2010a). In the UK (and US), as the nation-state moves further down the spectrum from a welfare state to a competition state (Cerny 2010a, 2010b, 1997; Borraz and John 2004; Cerny and Evans 1999; Brenner, 1998), local authorities are increasingly burdened with the responsibility of delivering more public services on smaller budgets while working to increase economic stability and growth in their areas without central government funding support. In an increasingly web-like, interconnected and interdependent economy, global cities have become the apparent hub or command centres of global activities (Sassen, 2001), specifically for new economic sectors, such as technology, and finance. Through greater understanding of and economic alignment with global cities, some local areas appear to be making headway in building a framework for participation in the new economy (Dobbs, Smit, Remes, Manyika, Roxburgh, and Restrepo, 2011; Sassen, 2000). Tracing the path from the global economy through global cities and into local authorities, this research explores the changing nature of local elected officials as well as the role of ethnic entrepreneurs in local economic revitalisation.

The research examines the changing behaviours and structures at the local government level as a result of globalisation. It tests the hypothesis that transformational local elected officials in a legislative-activist structure are best positioned to contribute to revitalisation through connecting the local economy to the global economy. The following key questions are considered: What are the behaviours of local elected officials that contribute to global participation? What are the structures of local government that contribute to global participation? In this scenario, what is the interaction of structure and agency? What role do local ethnic entrepreneurs with global businesses play in connecting the local economy to the global economy?

The research is encompassed by three primary areas as they relate to the impact of globalisation at the local level: understanding the behaviours of local elected officials (Chapter 3); understanding the behaviours of local ethnic entrepreneurs (Chapter 4); and looking at three case studies to provide a practical picture of what these changes look like in a local borough and their connection to global fluency (Chapter 5). The boroughs examined are: Barking & Dagenham, Hackney, and Tower Hamlets.

Specifically, the research examines political leadership considering transactional versus transformational behaviours. It seeks to understand **why** they are motivated and whom they feel they represent in carrying out their work. These behaviours are examined in light of local structures as institutions and the shape of local administration, in order to understand **how** local elected officials are engaging in local-to-global activities in which they feel empowered to act on their own and engage in paradiplomacy, or collectively through global networks. The local structures examined are organised as: administrative-executor for the traditional form of local government operating within the hierarchy of national or central government, or as legislative-activist representing a new structure for local government operating (at times) independently of central government as well as on the global level.

The research considers if the two types of agency (transactional and transformational) are then combined with the two types of local government structures (administrative-executor and legislative-activist) would the resulting four dyadic permutations lead to different outcomes in whether a local area is more likely to participate in and benefit from the global economy.

Ethnic entrepreneurs in this research are considered to be those entrepreneurs who are connected to a migrant group through a common background or cultural experience and, as business owners, leverage that background and experience to take risks, work internationally and seek a value added perspective (based on previous definitions and works by: McDougall and Oviatt, 2000; Aldrich and Waldinger, 1990; Yinger, 1985; and Peterson, 1980). Ethnic entrepreneurs establishing start-up businesses in new economic sectors are examined as local vehicles for economic growth in building global businesses, and

are also examined by looking at their behaviours in building local-to-global businesses as well as the various structures that facilitate building 'born global' companies. Agency, in the form of postnationalism (Soysal, 2004), is considered to understand **why** ethnic entrepreneurs build local businesses with global reach, and structure is considered through transmigration, to explain **how** ethnic entrepreneurs set up 'born global' companies. Postnationalism (Soysal, 2004) refers to the conceptual impact of globalisation on nationality in which nationalism loses meaning through frequent participation in inter- or supra- national activities. Postnationalism suggests that a broader set of human rights are applicable beyond rights bestowed by citizenship.

The activities of local elected officials and ethnic entrepreneurs are compared with each other to assess their interaction. This is of particular interest where transformational local elected officials might be supporting and leveraging local-to-global ethnic entrepreneurs to help revitalise local economies (Wong, 1996, 1997, 2003).

In drawing conclusions on a local area's level of participation in global economic activities, global fluency of each area is assessed. Global fluency is the term used by Clark and Moonen (2013) to describe the 'the level of global understanding, competence, practice, and reach a metropolitan area exhibits in an increasingly interconnected world economy' (p. 3). Three case study boroughs are used as examples of the degree to which changing local government institutional structures and behaviours contribute to a local area's global fluency, participation in global activity and potentially local economic revitalisation.

The research looks beyond global cities as the hubs and command centres of globalisation and into more localised areas, in particular, sub-sets of global cities: for example, London is made up of 32 local authorities. The argument explores how, by connecting to and working through global cities and the global economy, some local elected officials are working to fill the void created by the shift from a welfare to competition state, most notably typified by financial austerity measures adversely affecting local growth.

The research addresses what types of local leaders are engaging in global activity and looks at empirical evidence of how they are attempting the activities.

The empirical work focuses on an analysis through interviews of local elected officials and ethnic entrepreneurs alongside a review of economic development documentation.

There is a significant amount of research that analyses the changing economy of local areas. Current research analyses transitions from rusting factories to modern manufacturing bases, technology and new energy hubs; business clusters to maximise a target growth sector and innovative public private models to fund the initiatives (Porter, 1995; Bagwell, 2008; Hutton, 2008). All of these new economic sector initiatives have valid underpinnings in economic research and data on where markets are heading. However, data does not fully explain and conceptualise how the changing behaviours of local elected officials and the structures in which they operate are initiating these conversions. One cannot simply throw the components for local economic success into a pot and stir. In the new economic landscape, these elements need to be driven, negotiated, communicated and championed by a local leader who not only has vision and ability to generate support and followers but also an understanding of how a local area can benefit from global participation and where the local area may fit into a broader global system. Simply put, there is a leadership skill set required to successfully connect a local economy to a global economy. This research explores the changing roles of local elected officials from one of transactional leadership in an administrative-executor structure to one of transformational leadership in a legislative-activist structure.

The research here explores and explains how some local leaders are driven to participate in and seek to influence global policies that may benefit their local economy. In doing so, they feel empowered to act as a direct participant and negotiator with actors in the global economy. Some local elected officials specifically choose to support and enact local policies that enable the growth of local businesses helping to connect the local economy to the global marketplace – for example fostering technology start-up clusters and providing local support for access to capital and digital connectivity infrastructure. These types of local structures and behaviours help develop local ethnic entrepreneurs to ‘go global’ with businesses that are part of the supply chain of global cities, thus improving the local area’s economic standing.

The research seeks to contribute to the existing body of knowledge through providing an in-depth analysis of how agency and structure play a role in how local elected officials integrate local areas into a global economy and the unique role that ethnic entrepreneurs may play. The work is based on and expands from several fields including international relations, economics, immigration and politics. In particular, the exploration builds on five areas of seminal research and scholars. Firstly, Joseph Nye's (2008) analysis of transactional and transformational styles of political leadership is used to explore the **why** of local-to-global activities of elected officials. Secondly, Philip Cerny's work (2010a, 2010b, 1990, 1997) on transnational neopluralism and Saskia Sassen's work (2004, 2001, 2000, 1991) on global cities are used as frameworks to understand structure, the **how** of the new activities. Third, Yasemin Soysal's framework for postnational participation (1994), elucidating guest worker rights, is used to understand **why** local ethnic entrepreneurs are motivated to not only build global businesses, but to specifically do it as local entrepreneurs and members of a local community. Fourth, Schiller, Basch and Blanc-Szanton's work (1992) on transmigration is used to understand the structural component of **how** ethnic entrepreneurs are able to build successful local to global businesses. Lastly, Clark and Moonen's *The ten traits of globally fluent metro areas* (2013) is used at the sub-'global city' level to determine what each combination of structure and agency looks like for engagement at the global level.

1.2. The current landscape

Increasingly faced with struggling for survival in a globalised age, predicated by ongoing variations in the global economic structure, some local actors are integrating their activities with those occurring at the global level, thereby no longer acting within the framework of the nation-state (Istrate, Katz, and Rothwell, 2010; Sassen, 2001). Nor are they seeking assistance exclusively from the nation-state as it solidifies its position as the competition state and moves further away from the welfare state. More and more local officials are building economic development strategies for their local authority's future that include planning and interaction with the global economy. Local leaders are considering how to prepare their workforce

for a global economy based in knowledge and service industries as they also work to build up a local small business base with the capabilities of either serving or supporting the global supply chain. They are recruiting international skilled labour and businesses to augment their plans and negotiate directly with global economic actors such as multinational corporations. In addition, the research examines how and why some local elected officials seek to influence international institutions to incorporate rules and regulations, and a structure that allows them to carry out this work at the global level (Sassen, 2004). In doing so, localities are replacing the local economic growth void created by national financial austerity measures and budget cutbacks (Cerny, 2010a; Strange, 2000; Sassen, 2004), with their own growth strategies that involve, to an increasing degree, engagement in global economic activities (Nathan & Lee, 2011; Sepulveda *et al*, 2011). The research indicates that the ethnic entrepreneurial businesses within London's cultural diverse business sector are becoming an increasingly important factor as an economic driver to the knowledge-based industries of global cities and local areas, as well as positioning them within a global marketplace (OECD, 2010). Thus, ethnic entrepreneurs are economically empowered to become active postnational participants in local polities as they establish 'born global' companies in new economic sectors. The movement beyond postnationalism is explored further in Chapter Four as migrants have gone from indirect participants, seen as necessary outsiders, represented or sponsored through advocates as intermediaries, to active and direct participants, wielding their own political and economic power as ethnic entrepreneurs.

As a global city, Greater London is an exemplar on how local areas can foster economic development plans involving interaction and integration on the global level in areas that simultaneously become supply chains to the global city (i.e. technology services & modern manufacturing) while also propping up the economy of those local areas. Increasingly, the businesses being established, for example in London's 'Tech Alley', are ethnic entrepreneur-owned businesses that see opportunities in innovative public-private partnerships and access to new forms of capital to relocate and grow businesses (Tech Hub, 2010). Concomitantly, especially in an era of austerity, it takes transformational leaders acting in a legislative-activist

structure to recruit and nurture businesses and to facilitate innovative partnerships and access to capital which contributes to local growth.

1.3 Structure: Transnational neopluralism, global cities and transmigration

In this research, several aspects of globalisation are considered that directly relate to the issues of local political activity aligned with events on the global stage. A number of areas covered by existing research are expanded upon (globalisation, localisation, paradiplomacy) and added to (postnationalism, transmigration) including institutional theories of transnational neopluralism and the framework for global cities as they now relate to actions at a local level (Cerny 2010a, 2010b, Sassen, 2001, Soysal, 1994; Schiller, Basch and Blanc-Szanton, 1992; Duchachek, 1990, 1986; Michelmann and Soldatos, 1990).

Relating to structure, the research first considers and expands Cerny's theory of transnational neopluralism (2010). Cerny argues that the basis of what we believe to be the static structure of politics and power is rapidly transforming into a multitude of web-like, enmeshed connections that cross all boundaries, both horizontal and vertical. Borders are becoming permeable as there are no longer clear delineations of inter-state interactions or up-and-down intra-state hierarchical structures, for example the national role versus the local role. Power and politics are now pursued across broad issue areas and between various actors who can operate on a local level as city representatives, or regionally as in European Union (EU) institutions, or based in international activity such as with non-governmental organisations (NGOs) or corporate financial entities. Cerny argues that even among and between these various levels and players there exists yet further 'crosscuttings' and an increasing 'pluralisation' of politics and issues. Further, Cerny discusses how all of these interactions are not easily mapped as they are uneven and choppy (Cerny, 2010). In essence, the actors are 'making it up' as they go, creating new pathways and methodologies, disregarding established protocols, driven by a desire and necessity to fulfil their own needs, pursue their own interests and represent their various constituency bases at the same time as seeking access to a larger

platform to achieve their desired results. Cerny maintains that the nation-state is still relevant, albeit in a different capacity, acting as a 'sieve' for ensuing global activities. It is argued here that the nation-state has become less relevant in a range of issues, for example, climate change and new energy technology, as these issues gain relevance for local actors on the global stage. For example, many local governments are not directly engaging with central government on climate change, but are instead acting at the global level where their efforts can surpass those of central government. Cerny's analogy of the nation-state border as a 'sieve' is taken a step further in the research here, as a more appropriate description would be the nation-state border now experiencing large chasms through which multiple actors and in particular local elected officials and ethnic entrepreneurs, as explored here, are passing to achieve their goals. It is these issues where the central government is either not supporting local government, such as economic development, or in which central government is happy to let local government act independently, such as climate change, that are creating the opening directly from the local to the global stage.

In addition to Cerny's theory of transnational neopluralism, other aspects of globalisation are considered that link local leadership activities around economic development to the rise of global cities (Sassen, 2001) and the implications involved. Sassen's definitive work, *The global city: New York, London, Tokyo* (2001), lays out what is widely considered the modern framework of the transformations of the largest cities on the planet from post-industrial to modern information, technology and financial centres. Sassen's work has also made the leap from academic theory to a 'guidebook' frequently referenced in economic planning and policy-making (Crane and Weber, 2012).

Sassen reveals how activity from the 1980's and 90's gave rise to the beginnings of a new financial industry based in city centre high-rise office buildings. Similarly, the decline of blue-collar workers gives way to a white-collar service and information workers. It is during these Reagan and Thatcher years that we see the sprouting seeds of the modern economy through policy-making that includes de-regulation in the UK, followed in the US by repeal of the Glass-Steagall Act in the 90's, thus effectively removing any regulations or government control between

investment and commercial banking. From this point forward, the foundations of modern global cities take hold with an almost devoted emphasis on finance, technology and information, and service industries (Sassen, 2001). The former paradigm of large cities as industrial manufacturing powerhouses has given way to global cities with four primary attributes (Sassen, 2001): global economy command centres, finance and service industry bases, production and innovation sites for finance and service industries, and the marketplace for the ensuing innovative products. Sassen contends that global cities are now the headquarters for financial technical and service-based industries in the information economy. It is within, around and making up the components of these global cities that local elected officials and ethnic entrepreneurs are accessing the global economy.

On the issue of ethnic entrepreneurs specifically, the research draws on work on transmigration and transnationalism theory of Schiller, Basch and Blanc-Szanton (1992). In their theory, migration is understood through multi-national economic, social, cultural, political, network and familial ties in more than one nation-state simultaneously (Schiller *et al.*, 1992, p. ix).

Transnational ethnic entrepreneurs are transmigrants running their own businesses in two or more nations where they are culturally and economically active (Portes, Guarnizo & Haller, 2002, pp. 278-298). Transmigrant is a term, coined by Schiller (*et al.* 1992) to describe migrants who maintain current and active ties across more than one country – especially beneficial for ethnic entrepreneurs seeking to launch ‘born global’ companies. Existing research (Wong, 1996, 1997, 2003) indicates that transnational ethnic entrepreneurs can be a source of economic growth for host nations. Iyer and Shapiro echo this finding, saying that ‘the immigrant ethnic entrepreneur emerges as the critical link between small business and globalization and the major force behind an increasing momentum toward a market economy in the developing world’ (1999, p. 108).

1.4. Agency: Transformational local leadership and postnational participation

In *The Medici effect* (2006), Johansson provides seminal examples of business or scientific masterpieces where there are examples of an intersection of leadership and innovation; where public policy intersects economics; where the local intersects the global; and where the manifestation is nothing less than transformational. This unique leadership intersection requires great risk-taking, vision, understanding of competitive advantage and openness to dynamic change (Johansson, 2006). This, in essence, is the transformational leadership taking place in some local areas in response to adverse economic effects of globalisation. However, the research here does not judge the moral outcome of the leadership, but explores the *how* and *why* of local transformational leadership as it relates to the impact of globalisation. The term 'transformational leader' should be distinguished from good or bad, effective or ineffective leadership. Not all transformational leaders create positive change and some claim globalisation leads to a widening of the wealth gap (Stiglitz, 2012, 2006, 2002; United Nations, 2011, 2005; Held and McGrew, 2003; Held, 1999; Krugman and Venables, 1995).

The research conducted here is bolstered by the premise of transformational leaders initiating and driving systemic change that results in all other iterations in the system; as a pebble in water sends out ripples. Nye (2008) provides comprehensive and comparative literature on transactional and transformative leadership and their eventful or event-making results in creating a 'text-book' on modern leadership, describing its history, impetus, variations, characteristics, contextual implications and outcomes as either positive or negative. Of particular interest here is Nye's theory on leadership 'charisma', describing the transformational versus the transactional leader and the events they shape being either system-maintaining or changing the course of history. It is presented here that the specific type of leader that may bring about change at the local level by influencing activities at the global level is one that is transformational, creating event-making intersections.

These activities are placed within the context of the local political power structure defined by Stoker. His brief overview (Stoker, 1991) of key historical events impacting the local authority helps to frame the current state of affairs at the local level. Through the mid 70's, local authorities were seen taking on enormous responsibility for management and delivery of multiple public services, as a result of

state policy requiring local delivery and implementation. Localities that previously managed basic municipal needs, zoning, city ordinances, basic public welfare and safety issues, were taking on economic development as a central response to issues such as high unemployment and national funding cuts to local areas for development purposes. Localities struggled with this new role and responsibility as they themselves felt the strains of the recession (Fox-Przeworski, 1991).

These activities created animated activity at the local level: a thriving, active and highly participatory political landscape dominated by party politics (Stoker, 1991). The 70's and 80's also revealed a pivotal shifting point in many social science and economic disciplines when the oil crisis (1973) transformed the global economy and the modern industrial nation. It was at this crucial point that several significant shifts began to take hold that persist today within the structure of localities and their responsibilities toward the economic well-being of their areas.

For local representatives, the rise of global cities has two very different potential outcomes. These two outcomes conceptually correlate to the two leadership models, transactional and transformational, outlined by Nye (2008) and which are linked to why local leadership may align their activities to the economy of global cities.

One not uncommon outcome is for former heavy manufacturing bases to fail to make the transition to the modern economy based in new technology, finance and service. This does not mean that manufacturing is dead as an industry but, in many places, the manufacturing bases have been forced into antiquity by new light-weight manufacturing built with technology rather than manual labour. Where a heavy manufacturing base might have converted to modern manufacturing, the structures of local government or behaviours of local elected officials did not facilitate the action. In addition, and more significantly, deregulation on a broader scale enabled many of the larger corporate manufacturing bases to relocate offshore to benefit from lower taxes and cheaper labour. Local leaders fight to maintain the status quo and keep factories functioning while working to change trade rules facilitating factory closure and departure. This type of activity would correlate to the transactional style of leadership expanded on below.

The alternative would be a proactive approach in seeking constant arenas for growth that align with the new economy while maintaining vigilant activism on issues of free trade versus fair trade, and international trade agreements which benefit corporate entities. Some local areas, which have been distressed by loss of heavy manufacturing in trade deals, have innovatively converted out-dated heavy steel plants to modern alloys and metals, or to manufacturing and assembling new energy technologies (Schneider, 2012). This aligns with Nye's (2008) transformational leadership model.

The 'politics' of local politics is multifaceted and complex. Competing interests, and interest groups, constituencies and community needs are all engaged in a vast array of issues, including local development issues at the local level. National policies, whether good or bad, successful or harmful, are enacted, tested and gauged by how the locality reacts. Conversely, when national policy is failing to address the needs of local constituencies, it is the responsibility of those local authorities to step in, and innovatively address the issues, even if that issue is the failing of the international state of finance. It is particularly the topic of economic vitality and development which frequently becomes the bane as well as the pulse and heartbeat of local communities, and which transformational leaders are taking into their own hands. They are transcending the previously constraining administrative policy duties of local government and enabling a legislative-activist structure, driving event-making economic change at the local level through direct influence of global actors.

Local transformational leaders are becoming acutely aware that improvement in local economic growth can be derived from a pluralistic business base, meaning a wide variety of businesses with global reach like technology, medical, or financial as well as a highly developed workforce. Inclusion of ethnic entrepreneurs in local economic development planning that supports global business growth in sectors such as information, technology finance with the service industries supporting them, help to bolster overall local development.

This phenomenon expands on the work conducted by Soysal (1994). She explores the occurrence of guest-workers as a sample group for her argument that whereas migrants were once seen as temporary residents, and politics meant them

to be 'guests' or temporary populaces, the data shows that most migrants embed themselves within the host state for the long term (Soysal, 1994; OECD, 2010). Even those who have been denied a legal right to stay generally still remain in the host country (Soysal, 1994). These migrants form communities, create group identities, join in local life, and are represented by advocacy organisations at various levels of government and society. They become de facto citizens with limited but justifiable rights, including civic participation. Soysal (1994) has coined the resulting state of permanent guest-worker migrants as 'postnational' migrants. Her sample group is no longer adequate to meet the need of the globalisation of localities which has resulted in increased migrant businesses and skilled labour. Postnational participation has expanded beyond migrant labour and into ethnic entrepreneurship which can advance local economies. Chapter Four explores in what way ethnic entrepreneurs hold a unique position in establishing local businesses with global reach, thus surpassing Soysal's original deductions of polity participation.

This does not presume that leadership or inclusion of ethnic entrepreneurs alone can transform existing resources for economic growth. There are always independent variables affecting outcomes as well as supply and demand, for example trade agreements inversely favouring corporate interests. This research does not seek to analyse the hegemonic activities creating global deregulated financial markets and free trade. Here, the phenomenon of transformational leadership by local actors who have capitalised on the rise of global cities by proactively pursuing pathways at the global level is explored.

1.5 Empirical research

The story of East London, its boroughs and neighbourhoods, is one characterised by more than a century of poverty, overcrowding and immigration. Economic development and regeneration plans have been built up and then fade away, along with the development corporations meant to champion and coordinate the activities. The London 2012 Olympics were held in and around the boroughs being studied here and some areas have benefited while others missed opportunities for new development of both land and people. In the three boroughs

being studied (Barking & Dagenham, Hackney and Tower Hamlets), there are higher rates of poverty, infant mortality, unemployment and early death than in most other London boroughs (GLA Intelligence, 2014). The boroughs have some of the highest rates of immigrant populations and the lowest rates of new business development and sustained success. Yet amongst these challenges there are local economic success stories to tell, and there are driven and passionate transformational local leaders seeking to accomplish more. Many of these leaders point out that their boroughs are on the doorstep of a concentration of great wealth in Canary Wharf and its banking industry. Some of these leaders are seeking to further develop their footprint by aligning their economic development plans with the needs of this wealthy global city command centre as well as engaging in direct negotiations with the multinational corporations based there.

This research studies three London boroughs as a microcosm to better understand the local changes (or lack of) occurring in agency through transformational leadership and postnational participation and in structure through transnational neopluralism, global cities and transmigration.

1.6 Methodology

1.6.1 Literature review

The research conducted here is built on the foundation of existing literature and work by seminal authors in various fields. Chapter Two examines in depth each area of literature relating to the research here before progressing to new research in subsequent chapters. As with the structure of the thesis, the broader theories receive only a focused review of the direct issue linking it to the conducted research while subsequent issues become more focused and systematic in scope. For example, in the globalisation literature, the review is limited to the theory of transnational neopluralism as opposed to a review of all theories encompassed in the overwhelming amount of globalisation literature. While this research is not limited to a single author per issue, it is focused on the seminal author for each theory before branching out to include both supporting and critical voices. The work on transnational neopluralism is based on Cerny's work (2010) as he indeed was the

researcher who developed the idea and coined the phrase. The framework for the Global City is based primarily on Sassen (2001) while also presenting some of the predecessor works that fed into Sassen's definitive piece (Friedman and Wolff, 1982; Beauregard, 1995). Nye's work (2008) on power and leadership, along with his analysis of transactional versus transformational leadership, is important among other existing works on leadership because he approaches the issue from a political perspective, having worked for many years at various high levels of government alongside his academic endeavours. A plethora of literature addresses leadership from an organisational, 'success in business', perspective. While perhaps some correlations can be drawn, those issues remain far too distinct from the power issues involved in leadership in politics and government, as analysed by Nye. Finally, the connection of the postnational participant in local government is based on extensive research by Soysal, who, being the pioneer in a small field of researchers in this area, also coined the term of the phenomenon.

1.6.2 Quantitative data and landscape overview

The quantitative portion of the research is limited to a high-level analysis of existing data and serves as an overview to identify trends or 'hotspots' in the London landscape. The landscape analysis also serves to limit any duplication of effort in data analysis and to ensure that data is correctly referenced as original or existing data in the field. Data is utilised from sources including the Greater London Authority (GLA), Eurostat, Economic and Social Research Council (ESRC), Organisation for Economic Co-operation and Development (OECD), London Chamber of Commerce Data, Census Data and related London economic think tanks providing data and policy/issue analysis.

The data is designed to fuel and lend direction to the qualitative research which provides the substance and essence of the overall thesis. This research is rooted firmly in the belief that to fully understand the political agendas and policies that emerge at the local level, meticulous assessments via personal interviews, as well as general 'political instinct', is needed to accurately reveal the state of change.

Thus, while local quantitative data will inform the thinking on the subject, it is not used to prove the hypothesis.

1.6.3 Qualitative interviews

The methodology of this research brings together quantitative data and qualitative interviews with stakeholders. As proposed herein, the research seeks to provide an in-depth analysis of how local transformational leadership can integrate local areas into a global economy framework through alignment with global cities and through inclusion of ethnic entrepreneurs.

Analysing transformational leadership at the local level through voting records, legislative positions and accounting of activities may help to interpret the *how* of political leadership, but not necessarily the *why*. In order to understand the motivations behind the behaviours of local elected officials, the most effective way for this research to analyse transformational change in any given local authority is to interview stakeholders and look for trends in changing levels of involvement or personal beliefs and agendas of the various actors.

Fourteen local councillors are interviewed in addition to the Member of Parliament for East London. Five councillors are from Hackney, five from Barking & Dagenham, three from Tower Hamlets and one from the neighbouring borough of Newham. Twelve of the councillors are members of the Labour party, one is a Conservative and one is a member of the Tower Hamlets First Party. One of the councillors, Oliur Rahman, was acting Mayor of Tower Hamlets for a short period during the course of this research. In addition, five local ethnic entrepreneurs, operating in the global marketplace and based in central or east London, are interviewed

1.6.4 Case Studies

Chapter Five analyses three case study boroughs with a review of their past, present and future economic development initiatives to provide context for their structure. A historical review looks at the early areas of manufacturing undertaken by each borough. The present economic situation is analysed by

examining and comparing the boroughs' local economic assessments. A review of each borough's 15-year future economic development plans identifies structures and activity that might align with economic revitalisation as a result of a link between the local and global economy.

The interviews and economic development research are then used to paint a picture of the implications of globalisation at the local level by developing a new scale and scoring the agency and structure along Clark and Moonen's (2013) global fluency traits to determine if they were integrating or seeking to integrate their local economy with the global economy.

1.6.5 Position of the researcher

As an issue that cannot be ignored, the author brings bias, perspective and self-serving purpose to this work. As a public servant in local government for over a decade, the author also brings her own expertise to the issues. She has undertaken work in local economic development planning, trial and error funding mechanisms, interaction with national and global entities beyond the municipal level, and in-depth involvement with both transactional and transformational elected officials. That being said, the work here is rigorous, founded in theory, examined through empirical evidence and seeks to add to the debate and literature of the field.

1.7 Conclusion and structure of the thesis

As the tentacles of globalisation stretch further and encompass a widening net of issues, policies, institutions, politics and actors, it becomes a reality for local areas to interact at the global level, thus aligning their self interests and those of their constituencies to the processes and opportunities on the global stage. These processes can be broken down into various discrete sections of research as well as empirical analysis which are outlined here.

Chapter Two specifically dissects the globalisation theory of transnational neo-pluralism as the overarching framework that presents the opening for local activity at the global level. The research builds on Cerny's theory as well as diverging from his conclusions as to the current role of the nation-state in this particular

portfolio of activities. The chapter positions the rise of global cities as an impetus for the new phenomenon of local transformational leadership on the global stage. It is proposed that global cities have created a top-down economic singularity that, in turn, is producing a bottom-up practicality of local economic agendas that are pursued on the global stage. The chapter concludes with the premise that these pursuits are being undertaken by transformational leaders, thus introducing a blurring of the divide between local and global.

Chapter Three analyses empirically the current context of the local leader through Nye's comparative theory on leadership that distinguishes transactional from transformational leadership. The characteristics of local transformational leaders and the subsequent retrenchment of local authorities are situated within this transformational leadership analysis. Transformational leaders are examined in how they approach and position themselves on the global stage to effect local change. The chapter considers new activities of local elected officials on the global stage in relation to motivation and representation. Chapter Three seeks to address the following topics: the implications for interactions of agency of local elected officials as transactional or transformational alongside shifts in local structure from administrative-executor to legislative-activist; how changes can be explained for agency at the local level in terms of motivation and representation; and how changes in local government structures enable these activities. Fourteen local elected officials were interviewed to lend to and exemplify the changes explored in this chapter.

Chapter Four takes an in-depth look at the role of ethnic entrepreneurship in connecting the local economy to the global. Five ethnic entrepreneurs are interviewed to gain insight as to the agency and structure that facilitates their efforts on the local and global stage. This research also seeks to understand the interactions between local elected officials and ethnic entrepreneurs. Several key theories are considered including: the modern manifestation of ethnic entrepreneurs in a local and global context; the structure and agency related to local-to-global ethnic entrepreneurs; and how local elected officials and ethnic entrepreneurs view each other within this context.

Chapter Five seeks to connect the new research to tangible activities in local areas through practical case study examples of three local boroughs (also referred to

as local authorities). Each borough has a different political structure and different agency as exhibited by the local councillors. Hackney has a directly elected mayor, Barking & Dagenham has the traditional English structure of a leader of the council, and Tower Hamlets had an elected mayor who broke away from the Labour Party to form a local political party, called Tower Hamlets First. The chapter provides an analysis of qualitative interviews with local elected officials as well as the documents used in analysis of each borough's current and future economic development plans and offers a comparison across the three case study boroughs scored against *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013).

Thus, in Chapter Six, conclusions can be drawn on both the implication of agency and structure in local areas. It considers whether a dyadic model for structure and agency can help explain why and how some local elected officials are engaging in global activity for local economic development. For local elected officials and ethnic entrepreneurs, it explores how they have changed the system and how the system has changed them.

Chapter 2

Theoretical Foundations: Globalisation of Local Elected Officials

2.1 Introduction

For more than 30 years, globalisation has adversely affected local areas, particularly in the US and UK. From heavy manufacturing loss, to budget cutbacks and a shift from a welfare state to a competition state, local areas have struggled to find their footing in the age of technological and financial globalisation and its concentration around global cities.

The purpose of this chapter is to analyse the literature on the impact of globalisation on local areas related to structure and agency. To do so, the chapter outlines several key theories on globalisation and European integration which precede the empirical work explored herein, examining their intersection and the resulting transformations in the modern construct of globalisation at the local level. Within institutionalist theory, the chapter presents a top-down literature review from globalisation to European integration and the impact on local areas and local elected officials in the UK.

A literature analysis of the transition of the nation-state from welfare to competition reveals the gaps left on the local level by globalisation. The framework for the global city phenomenon shows how some localities are aligning with global cities to concomitantly re-structure politically and governmentally to fill the gaps and initiate new growth. Cerny's theory (2010a) on transnational neopluralism provides the context for how globalisation is conceptually and physically organised (or disorganised) and how local official actors play their part. In addition, the literature on EU integration helps explain and frame the steps taken by some local authorities in the UK to work at the supranational level.

Globalisation presents many challenges for states and localities, both developed and underdeveloped. It is contributing to a widening of the wealth gap among nation-states, within local areas and across large swathes of underdeveloped regions (Krugman & Venables, 1995; Stiglitz, 2002 & 2006; United Nations, 2005 & 2011). While globalisation is creating chasms between some populations, it is also

creating 'communities of fate' (Held, 1999, pp. 444-445) among various stakeholders that are too intertwined to unravel without significant consequence. 'Communities of fate' may be found among hegemonic financial superpowers, nation-states and global institutions, or among environmentally impacted areas struggling with global issues of climate change; meaning circumstances or issues outside of their control bring them together. The issue of whether globalisation exists or not, or can be prevented, is no longer the sole argument between globalists and anti-globalists, or idealists and realists, or neo-liberals and 20th century US liberals. Much of the literature, debates and conversations are about the best alignment to move forward, given a global economy (see Cerny, Friedman, Held, Krugman, Stiglitz). The literature focuses on the meaning of the new layers of globalisation to nation-states, regions and non-state actors as well as the global economic, cultural and environmental health. According to Cerny (2010b), 'Even anti-globalization protesters have been changing their discourse over the past decade, looking toward more social democratic – or 'social neoliberal' – approaches to globalization and opposing key aspects of the form of globalization rather than opposing globalization per se' (p. 189).

The gap in the current literature, which this research seeks to contribute to, is identified when seeking to understand the journey that local elected officials have been taking since the modern construct of globalisation, together with an analysis of the changes in structure and agency that are occurring at the local level as a result of this journey. Further, there is interest in the greater participation of first and second generation immigrants as ethnic entrepreneurs who contribute to the economic growth of local areas with businesses that align to the global economy. This concept is explored further in Chapters Three and Five.

While analysing specific institutionalist issues of globalisation as they relate to a precise phenomenon, namely changing power structures at the local level, it is important to be mindful of the massive simultaneous transformations that continue to occur at multiple levels and between multiple actors. Advances in technology continue to change the state of global finance and business on an almost daily basis, alongside the tumultuous and ever evolving (or devolving) political landscape. Related to Cerny's insights regarding the form of globalisation, the broader issue that

is not analysed here is consideration of the form of global governance, which leads to a global civil society that has interests beyond self-serving economic gain and security agendas. Deliberations are being considered by academics of globalisation such as Barber (2013) regarding international cooperation to create a form of global civic society that can effectively function to address the pressing economic, security and environmental issues of the planet. What will be considered in this thesis is the structure and agency related to local elected officials, whose associated areas have been left behind by globalisation, and how they are positioning themselves within this process as transformational leaders.

In particular, specific elements of globalisation are analysed as they relate to the phenomenon of 'glocalisation', a portmanteau indicating the impact of globalisation at the local level or the intermeshing of global and local political, social and economic interests (Cerny, 2010b, p. 55). The term glocalisation is adopted within the globalist debates, and is not to be confused with its origins as a Japanese business term. In order to frame the hypothesis presented here, as well as to position the empirical work undertaken, the research focuses on several theoretical frameworks in the globalisation literature that have developed along the institutionalist perspective: specifically, the changing role of the nation-state from welfare to competition, transnational neopluralism, and the framework for global cities, and what they lend to the modern construct of glocalisation. These three areas of historical and seminal research set the foundation upon which to build the hypothesis and the empirical work of this thesis, which presents an analysis of local officials on the global stage engaging in local economic development initiatives that emerge in the form of burgeoning new glocalisation activities. Through activity at the EU level, two important insights are presented from the literature: first, a microcosm of how local authorities are participating at the supranational level and; second, an analysis of why local elected officials are seeking to by-pass central government and to establish independent relations at the supranational level.

These established theories help explain the implications and transformations related to new activity being undertaken by local elected officials locally, nationally and globally. Locally, the impact involves shifts in the theories of transformational leadership along with diversification of the business base in and around global cities,

namely the integration of ethnic businesses as part of the global supply chain. Nationally, the state is attempting to reconcile free market economics of a competition state with the inevitable constraints imposed on the state by globalisation. Globally, there is a reorganisation of functions, roles and institutional purpose as local transformational leaders take to the global stage, effectively bypassing the nation-state in matters of local economic development.

The chapter begins with an overview of traditional and 'new' institutionalist theory, and explains why this particular framework aids in understanding the current local landscape within the international political economy. These are considered along with identifying gaps that are being filled by the activities of local transformational leaders. The role and meaning of 'structure' and 'agency', and the system in which they operate, are considered and contribute understanding to the modern construct of glocalisation. The chapter addresses four key areas:

1. The transformation of the welfare state into the competition state reveals the gaps left by a reorganisation of the national priorities from a domestic focus on industrial welfare and the well-being of the citizens, to an outward focused agenda driving capitalism and profits under the nebulous terms of enterprise and innovation.
2. The global-local framework is positioned through an analysis of Sassen's (2001) *Global cities* to show the scope of globalisation as a function of local political strategy. In other words, how top-down economic policy inversely creates bottom-up economic practicalities in local municipalities. As a result, local officials take to the global stage to participate in the economic development opportunities and to the success of global cities.
3. Transnational neopluralism (Cerny, 2010a) represents the modern framework of globalisation as one that is an interconnected web or mesh, crosscutting horizontally and vertically across government, financial, social and cultural issues. The framework generates easy access, at multiple entry points, for local officials to the global stage. As part of, and

embedded in, Cerny's theory is an exploration of the changing role of the nation-state in this new political arena of local versus global.

4. EU integration at the local level helps provide an understanding of why local areas see a benefit in by-passing central government to establish themselves as independent entities at a level above the nation-state. This section addresses integration at the local level through multi-level governance and concepts that lend to the 'how' and 'why' of local authorities participating at the EU level.

Through these concepts and theories, it is revealed how the transformation in global politics and policy-making has concomitantly led to a transformation of local politics and policy-making: a retrenchment of local authorities aligning themselves within the EU and global framework as well as empowering the transformational leader (Nye, 2008 - see Chapter Three) and ethnic entrepreneurs (Soysal, 1994 - see Chapter Four) at the local level.

Theories on globalisation are at the forefront of current debates. Intergovernmentalists operate from the mindset that globalisation is a clever 'cover' for the capitalist imperialist actions of a few, or even one, hegemonic superpower - the United States. Under this premise, the nation-state remains the sole structure and concentration of power. Transnationalists believe that, as a result of technological advances, economics are the primary course of activities, above and beyond the political realm, thus causing a restructuring of the global financial system. Institutionalists, however, claim 'that the process of transnationalism of the world economy is well advanced and that this produces a number of transformations both at the national level of governance and at the level of the international system...' Talani (2004, p. 209). It is the theory of institutionalism and the transformations, both in institutions themselves as well as transformations of human behaviour, that best lend to explaining the current activities at the local level and their resulting implications.

Institutionalist theory articulates that economics is more than a sum of its parts; it is a product of complex interactions, interdependencies, human interaction and behaviour and, as a result, the related unexpected actions occurring in the

present or future. Institutional theory considers both the economic conditions as well as the social interactions.

Early theorists considered several of these socio-political scenarios. Veblen framed the economy in his seminal piece, *Theory of the Leisure Class*, in 1898 as driven by the wasteful consumerist behaviour of the bourgeoisie. He believed in state ownership of the means of production. He described behaviour as a social stratum, and institutions as industry, as a means to understanding the state of economics. In 1931, Commons discussed economics from the position of social justice: he was a believer in collective action and was active in the early labour movement. He was also the theorist that based 'activity' in the transaction cost, where 'the smallest unit of the institutional economists is a unit of activity - a transaction, with its participants' (1931, p. 652). But Commons himself also highlighted critiques of institutionalism, namely that the terminology and points of reference were too vague and could be applicable to any situation or made to fit any theory, specifically when attempting to define what is an institution and what constitutes behaviour.

'New' institutional economics defines more clearly the institution and the behaviour. It enters a terrain that many 'pure' economists find uncomfortable, as it combines legal institutions engaging in the unit of work of setting transaction costs, alongside the persuasion and influence powers of politics.

Institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights). Throughout history, institutions have been devised by human beings to create order and reduce uncertainty in exchange (North, 1991, p. 97).

International organisations had difficulty gaining a strong foothold in international affairs until the post-World War II period and the establishment of the United Nations (UN) (1945). Initially, the UN enjoyed several years of global cooperation and successful, peaceful interventions to attempt to quell the risings of civil unrests, for example the Suez Crisis (1956) and in the Congo Crisis (1960). Yet, over time and into the 1960's, the UN appears to be plagued with pre-UN mentality

of North versus South, Communism versus Western Democracy and partisan, realist, divisions as well as hegemonic veto implications. The UN is being placed under a shadow of 'politics as usual' and a reflection on the global level of legislative gridlock and party domination on nation-state levels. 'In reality, however, even the most powerful states were relying increasingly on international institutions – not so much the UN as other organizations and regimes that set rules and standards to govern specific sets of activities' (Keohane, 1998, p. 84). Keohane is one of the modern architects of institutional theory; he provides additional historical perspective and a framework as it relates to the rise of international institutions. Up to the 1970's, the debate focused primarily around realism issues drawn from Kenneth Waltz's *Theory of International Politics* (1979). Waltz's theory, as well as the ensuing debate, did not include international institutions as a major component of the global political activities, and remained focused on state sovereignty issues. Post 1970, with the advent of international institutions cemented as key players in international relations, the debate shifted to include new forms of institutional theory. This movement corresponds to shifts in the UK and other developed nations away from a welfare state and towards a competition state. Keohane points to other institutions as well as various models for the early emergence of global governance organisations that either still exist today or were the predecessors for our existing global organisations. He highlights the Northern Atlantic Treaty Organisation (NATO) as a highly structured and successful military alliance founded on the mandate of an ideal that 'an attack on one is an attack on all.' NATO has endured over time and continues to adapt and evolve on behalf of its 28 member countries in European and North America. In 2012, NATO leaders offered the following statement at the Strategic Concept Lisbon Summit, 'We, the political leaders of NATO, are determined to continue renewal of our Alliance so that it is fit for purpose in addressing the 21st Century security challenges' (NATO, 2012, p. 4).

In the historical perspective, the conceptual framework progressed from early post war alliances and cooperative organisations to a structural shift in the mindset in the 1980's; namely, the realist perspective of using these organisations to achieve individual member states' goals and objectives (Keohane, 1998). At the same time, international organisations were seeking to overcome the realist schema by

attempting to position themselves as entities that seek to meet nation-state needs by facilitating agreements, reducing uncertainty between nations and managing transaction costs. Keohane also outlines several of the ongoing debates in institutionalism: state sovereignty and hegemony, anarchism of international institutions lacking a coherent governance system, and relative cooperative gains versus absolute gains (Keohane, 1998). One other issue has continued to gain academic and activist following, the 'democratic deficit' of international organisations. Similar to the debate between Dahl and Mills in the late 50's and early 60's (Dahl, 1961; Mills, 1956) on pluralism, the current debate is whether international organisations have a pluralism of members influencing and balancing the decision-making process or whether they are run by a small group of elites from the most influential hegemonies.

Along with the rise of the competition state, there is a transformation both in the role and power of the nation-state, the role and power of international organisations, and in those who are seeking to exert power and influence in the global arena. With the advent of 'new' institutional economics, the permutation of institution plus politics frames the conversation going forward.

2.2 From welfare to competition state: the impetus of glocalisation

Since the peace agreement at Westphalia in 1648 among the major European nations, the global system of sovereign states has formed the foundation of international relations. To restate this in perspective, the modern system of nation-states has been in widespread arrangement and acceptance for less than 400 years. In anthropological terms, this is a very brief moment in time, and therefore represents a great and ongoing social experiment in governance, power and international law. It is no wonder that the concept of the form and role of the nation-state is an ongoing debate as it is itself constantly transforming, and that the meaning of sovereign state is still being defined and refined in academic circles.

The literature is reviewed for adaptations in the nation-state as a result of superpower nations shifting from a welfare ethos to a competition state ethos. In

doing so, it is revealed that this shift towards global competition has left a void in economic development and vitality at the local level.

Cerny outlines international factors, influencing these trends in the broader scope, which lead to movement towards the competition state (1990, pp. 204-231). Cerny points to a general shift from macroeconomics to microeconomics as the policies of nations shift away from the bigger picture of trends in employment, and growth and towards directly influencing price, supply and demand flows and business level decisions. The competition state becomes a direct intervener in the market.

The move towards microeconomics and interventionism thus changes the mode in which a nation maintains and develops growth industries - specifically those integral to the safety and security of a nation - and places them squarely in the domain, and at the whim, of global market fluctuation. This is discussed further in what Cerny points to as the paradoxes of globalisation; namely 'comparative advantage' versus 'competitive advantage' (Cerny, 1997).

Flowing from microeconomic interventionist policies based on competitive advantage, the political structure then acts to reinforce and solidify the transition. In other words, enacting and adopting political agendas that move from welfare policies meant to benefit the populace in terms of employment, health, education and general well-being, to one built on 'the promotion of enterprise, innovation and profitability in both private and public sectors – a shift with significant ramifications for liberal democracy' (Cerny 1990, p. 205).

In broad terms, a welfare state can be thought of as a nation-state that redistributes its taxes into social welfare programming for citizens along the lines of health care, education, full employment and other domestic well-being initiatives. The competition state has shifted some of the gross domestic product (GDP) expenditure away from domestic programmes for welfare and towards an outward-focused international agenda of competition, enterprise and innovation in a free market system. In the early to mid 1900's, both the UK and US were forms of welfare states, although the UK redistribution programmes were larger and more widely embedded, for example the establishment of the National Health Service in 1948. The height of welfare state programming in the US was seen in the 1930's

with President Roosevelt's 'New Deal', an effort to put America back to work after the Great Depression. Current statistics, provided by OECD (2011a), show that in latest year on record, 2007, the UK spent over 20% of GDP on social expenditures while the US spent less than 17%. 'Social expenditures are a measure of the extent to which countries assume responsibility for supporting the standard of living of disadvantaged or vulnerable groups' (OECD, 2011b, p. 241).

The data only tells part of the story. The most dramatic period highlighting the shift from a welfare to a competition state for both superpowers began with the collapse of the Bretton Woods Act in 1971, followed by the financial deregulation and privatisation years of Reagan-Thatcher, beginning with Thatcher's term as Prime Minister commencing in the UK in 1979 and Reagan's term as US President in 1981. From this point forward, both nations have continued on a path, although at different rates, towards the competition state.

The Thatcher Government has been just as fully committed in contrast, to a broad and deep reduction in the size of the public sector, returning as much of it as possible to private ownership. This goal has gone hand-in-hand with a strong austerity program virtually since taking power in May 1979, involving, in particular, the setting of firm cash limits to the expenditure of public sector industries and services and of local governments ... the core has of course been the privatizing program, which has involved full or partial sale of a wide range of firms, including British Telecom, British Aerospace, the British Oil Corporation, British Airways, British Petroleum, British Steel, British Gas, the airport authorities, the local water boards, and, next on the list, the electricity industry (Cerny, 1990, p. 227).

As a result of the neo-liberal agenda, namely the shift from a welfare state to a competition state, the line between 'nation-state' and 'economy' has begun to blur with public goods increasingly becoming privatised. As the line blurs, inherent contradictions arise between the nation-state and the agenda of the competition state (Cerny, 1997). It is Cerny's work on these paradoxes that informs the research on economic globalisation and the shift to the competition state undermining domestic economic vitality, particularly at the local level (Chapter Three).

Cerny proposes that the state therefore becomes the intervener and re-regulator to align the state agenda with one of global competitiveness and marketisation. The state re-organises toward this goal and away from traditional

state practices, causing conflict among nation-states. Furthermore, the state loses its role as the arbiter of the domestic social contract, the kinship between a nation and its people, called *Gemeinschaft* (Cerny, 1997, p. 251). The state gives up forms of comparative advantage in favour of absolute competitive advantage across all sectors, even social.

Cerny contends that the efforts toward a competition state, and towards full global participation, have resulted in a limiting of the nation-state role in the domestic agenda.

As international and transnational constraints limit things that state and market actors believe the state can do, this shift is leading to a potential crisis of liberal democracy as we have known it – and therefore of the things people can expect from even the best-run government (Cerny, 1997, p. 258).

The research illustrates how the development of a competition-driven agenda of economic growth through global capitalism and free trade has opened up access for multinational companies, global financial corporations and other large organisations associated with hegemony to the competition state. This new research in the following chapters examines the impediment this may cause in local economic development, and how it might be leaving many local authorities and municipalities to fend for themselves. The nation-state has facilitated and driven competition among the elite whilst the economic development efforts of others from the bottom up have been placed in a position without support, direction or aid. In essence, they must either adapt or die. In the economic vitality sense, many of these areas have ‘died’, a few have adapted, and it appears more may be in the process of transformation.

Sassen provides a similarly unrestrained and candid perspective. ‘One way of interpreting this is in terms of an incipient unbundling of the exclusive authority over territory and people that we have long associated with the national state’ (2004, p. 649). Sassen goes on to write that, ‘the loss of power at the national level produces the possibility of new forms of power and politics at the subnational level and at the supranational level’ (2004, p. 651). Expanding on Sassen’s position in Chapters Three and Five, this new research builds on her work to examine whether the participation

on the global level is limited to un-official actors and activists, or whether local representatives are recognised as acting in an official capacity at the global level. Chapter Three explores how local officials, who find themselves disenfranchised due to the shift from a welfare to competition state, are seeking solutions to local economic development initiatives by using the rise of global cities to align their local efforts more closely to active and direct participation in the global economy.

Susan Strange discusses the real life situation as one far removed from academic theories and posturing; she emphatically reiterates that what really matters is what is happening on the ground, to real people and their everyday lives. 'The perceptions of ordinary citizens are more to be trusted than the pretensions of national leaders and of the bureaucracies who serve them; that the common sense of common people is a better guide to understanding than most of the academic theories being taught in universities (2000, p. 133).' Strange continues, '...the diffusion of authority away from national governments has left a yawning hole of non-authority, ungovernance it might be called' (2000, p. 133). Based on this theoretical framework, this new research seeks to translate the activities of local activity on the global stage to what is happening on the ground and affecting people's everyday lives.

For local areas struggling in a global economy, it is irrelevant if one is pro- or anti-globalisation, or if one approves of the transition from a welfare state to competition state. In this respect, local residents do not care about Wall Street and are more concerned about the High Street and what is happening to them each day. Perhaps it has become a case of playing the hand that is dealt. 'Economic growth in general is today more the result of economic trends and developments than of state policies' (Cerny, 2010a, p. 17). This has led to a restructuring within the nation-states around global cities, and the beneficiaries of economic development of the competition state. Building on this framework, the research examines how local areas are attempting to latch on to these trends as their motivator for economic vitality, and to shift away from taking their cue from the nation-state, which formerly provided economic direction and assistance at multiple domestic levels.

Starting with Cerny's framework, the research seeks to extrapolate how some municipalities, through transformational leadership at the local level, are seeking to

influence and participate in globalisation by aligning their economic development initiatives around those of global cities, whether figuratively or physically. In turn, it explores whether this may lead to an increase in innovation enterprises and ethnic entrepreneurship at the local level; indeed the very mode promoted by the competition state ethos of innovation, enterprise and entrepreneurship.

2.3 Global cities: conduits for glocalisation

The common activist adage of 'think globally, act locally' (Geddes, 1915) was first used as a formula for city planning. However, in using the phrase now (2014) for city planning, the reverse may be more accurate. As Beauregard (1995) discusses, the exact opposite may now be true: 'think locally, act globally.' He presents this as a theoretical concept, whilst the research here presents it within a framework of emerging empirical evidence, mainly from the global city of London and its associated local authorities. In addition, this reversal of concept within a broader context of frameworks and theories is part of a new paradigm in glocalisation and the political power structure. Beauregard provides us with an analysis on the changing role of the 'local' in the world-system. Much of his synthesis derives from the seminal research by Friedman and Wolff, where they analyse the 'the spatial articulation of the emerging world system of production and markets through a global network of cities' (1982, p.309). Their hypothesis centres on the division of global labour as world cities integrate and geographically concentrate the global economy. Friedman and Wolff provide an instrumental foundation for launching rigorous action research and academic debate on what Sassen eventually and definitively dissects as 'The Global City' (2001).

As Beauregard contends, the global is now local and the premise of previous theories may no longer reflect activities at the local level. Theories from the 1980's and early 1990's place the local stage in a reactive position to activities occurring on the global level (Friedman and Wolff, 1982). Whilst Friedman and Wolff acknowledge that global activities may have a significant impact on local areas, cities are at a disadvantage most of the time and must catch up to adapt, resist or potentially capitalise on the global acts. In this scenario, the power structure is one

of dominant global activity juxtaposed with weak or submissive local response. The local areas are not presented as a major influencer of global activities. Specifically Beauregard identifies five themes from the literature (1995, p. 233-234):

1. The global is dominant and based in economics;
2. These forces do not manifest cleanly across specific pathways: people, institutions or industries;
3. The local options are: resistance, adaptation or exploitation;
4. Global activities including economic, political and social are spread across multiple levels of impact: local, global, regional & neighbourhood;
5. Activities at the global level can be in silos and distinct from each other and become mediated as they filter down to the local levels.

In addition, the overarching theme is that only two actors are significant at the global level: the nation-state and the multinational corporation.

Beauregard presents a progression of these original interpretations and shifts in the positioning of the global-local framework relative to the mid to late 1990's. This coincides with the neo-liberal agenda of deregulation of the financial system and pursuit of free market trade agreements. He presents what may be seen as a natural progression or learning over time by localities of how to operate and influence a global system. In Beauregard's emerging scenario, the local area is more active and possesses greater ability to position itself or seek avenues of response on multiple levels within these global activities. Beauregard provides a useful example to reveal the shift in this framework:

Local actors concerned about the withdrawal of investment by this transnational corporation might utilize state plant closing laws, explore pension implications as governed by national legislation, work with union organizers and experts from around the country, and even hire transnational law firms to help them consider an employee buy-out (Beauregard, 1995, p. 240).

Since Beauregard put forward these original theories, transformations have occurred within the system. The research here explores the progression of

Beauregard's original theory from local adaptation and reaction to one of proactive participation and influence. For instance, the example could potentially be extended to represent local officials using innovative public-private partnerships to create industry clusters aligned with global cities. Further, it may apply to activities in seeking to recruit innovative international businesses, (and associated skilled labour, for example, polymer chemists and alternative energy engineers,) with products or commodities that align with the supply chain of the global city. With innovative and desirable new technologies and labour recruited from the global level, local officials could influence transformation of the plant from heavy manufacturing to one based in light manufacturing of new technologies, or in new alternative energies and their associated components. These changes would align the facility and local areas as supply chain to the global city. These activities may or may not occur in conjunction with a traditional workers' campaign as identified by Beauregard to 'Save our Factory' from closure.

Beauregard's original example aligns with the actions of the transactional leader - a leader who takes the reins of a situation and acts to diffuse a crisis and re-establish a functional status quo. The research here explores the progression of this example to align with the actions of the transformational leader, as one who decisively acts on a situation by fundamentally changing the direction and altering the status quo. These concepts will be explored further in Chapter Three.

While Beauregard continues to advance the theory and draw connections between the local and global, he still maintains a top down route of actions from global to local. He states:

This line of theorizing has implications for planning. It is obvious that 'local' planners have to be empowered to be 'global' actors. This does not mean relocating them to the global scale or creating supra-planning entities that operate internationally. It does mean that planners must be able to react to influences impinging on their 'communities', regardless of where those influences originate and which actors are responsible (1995, p. 244).

As was the case in 1995, Beauregard frames the local roles as reactive and not proactive. He identifies a planner as having a role at the global level that allows them only to react to global activities but not one that influences or is proactive. In

the modern construct, it is this point in globalisation where a shift may be occurring from reactive to proactive. The local planner may be able to act more proactively at the global level: for example, they do 'have to be empowered to be global actors' but no longer by limited powers of reaction. Local officials may be placing themselves in the position of proactive influences of global activities. And while we may not need an international 'supra-planning entity' (Beauregard, 1995, p. 244) which, on the surface, sounds like a global bureaucratic nightmare, it may be that transformations continue to occur at all levels of the multi-level interconnected system, constantly adapting and changing to accommodate new actors and situations.

Beauregard leaves his final premise and question unanswered; how can actors be global and local simultaneously? The response may be that, as the state has shifted from a domestic welfare state to an outward focused competition state, local authorities have also transformed and adapted by bypassing the nation-state to use global cities as direct conduits to economic development initiatives and opportunities. Then Beauregard's question finds a robust response rooted in the actions of local officials on the global stage who are seeking to influence local activities because the national stage is no longer the platform where policies derive. As a result of these shifts, local officials may begin to proactively seek out the global stage in an official capacity and, in so doing, transform the existing political and power structures. They become local officials influencing the global agenda, both locally and globally simultaneously. Building on Beauregard's work, these phenomena and questions are explored in Chapter Three.

Sassen's definitive work *The global city: New York, London, Tokyo* (2001), takes the work of Friedman and Wolff (1982) as a starting point and crystallises their research and action agenda into a comprehensive analysis of the global city. She lays out what is widely considered the modern framework of the transformations of the largest cities worldwide from post-industrial to modern information, technology and financial centres. Sassen's work has also made the leap from academic theoretical text to a 'guidebook', frequently referenced in examples of economic planning and policy-making.

Sassen reveals how activity from the 1980's and 1990's gives rise to the beginnings of a new financial industry based in city centre high-rise office buildings.

The decline of blue-collar workers gives way to white-collar service and information workers. During this time, the transition commences for the modern form of the economy through policy-making that includes de-regulation during the Reagan and Thatcher years followed in the US by repeal of Glass-Steagall in the 1990's. These legislative actions effectively remove any regulations or government control and oversight between investment and commercial banking. From this point forward, the foundations of modern global cities take hold with an almost devoted emphasis on finance, technology and information, and service industries (Sassen, 1991, 2001). The former paradigm of large cities as industrial manufacturing powerhouses gives way to global cities with four primary attributes (Sassen, 2001, p. 127): global economic command centres, finance and service industry bases, production and innovation sites for finance and service industries, and the marketplace for the ensuing innovative products. Sassen argues that global cities are now the headquarters for these financial, technical and service-based industries in the information economy.

In addition, Knox offers a description of the transition from an international economy to a global economy (1995, pp. 3-20). Chapter Three explores if this transition is the impetus for the transformational leader and exponential increase of the local actor on the global stage. Prior to the late 1970's and early 1980's, and before the oil crisis and neo-liberal deregulation of finance and trade, nation-states acted as the primary regulator of the 'international economy' for the movement of goods and services across national boundaries and within and among nation-states. These activities occurred while protecting 'public goods' and providing for general domestic welfare. However, with the rise of the competition state, the nation-state's primary focus moves from domestic to international, removing the platform of support for local economic development and vitality with the nation-state structure.

In a multi-layered international system, global cities are becoming not so much 'large cities' within a nation-state but more a nexus and focal point for the global economy above and beyond nation-states. As a result, these global cities and their associated supply chains function as primary forces that drive and intertwine

the modern economy, frequently completely independent from the nation-state where they preside.

Sassen describes the global city as a place that enables political and non-political actors alike to create a community where multiple connections, horizontal and vertical, launch these participants onto the global stage. 'The result has been that particular instantiations of the local can actually be constituted at multiple scales and thereby construct global formations that tend toward lateralized and horizontal networks rather than the vertical and hierarchical forms typical of major global actors, such as the IMF [International Monetary Fund] and WTO [World Trade Organisation]' (2004, p. 650).

Sassen focuses on 'information communication technology' (ICT) and the influence of local actors in the form of grassroots activists on the global stage. She largely refers to activists who may be disenfranchised or invisible on the nation-state level but who find empowerment for their issues on the global stage through technology. Yet, Sassen finds that although technology would seem to make physical proximity irrelevant, activists often find empowerment and a platform to launch their agendas in and around global cities.

Whether global cities become permanent homes or a place for coalescing at a time of action or protest, they provide a platform for exposure and 'strength in numbers' which can be a powerful emotional tether, especially for groups that do not have full citizenship rights. Sassen argues that many of these groups are 'invisible' to, or disenfranchised from, the nation-state but find a platform in global cities as conduits to global policy and decision makers. They are able to position their arguments better as part of a broader spectrum of issues and rights than could be debated on the level of the nation-state.

As global cities are prominent, independent actors on the global stage, they possess the ability to drive and influence the international economic agenda both from the top down and the bottom up, seeking to implement policies that drive global economic growth while providing practical implementation for growth at the local level.

Local official actors on the global stage, via global cities, are thus justifying Cerny's conclusion that 'in this context, the scope for politics and the potential

significance of the role of innovative agents and ‘institutional entrepreneurs’ – the core of transnational neopluralism – will be greater than at any time since the emergence of the state system itself’ (2010a, p. 39).

2.4. Transnational neopluralism: glocalisation in globalisation

Politics is changing in a globalised world. The tentacles of globalisation, including economic globalisation across developed countries, and social, cultural and environmental globalisation around the world, means almost anyone or any entity can now be an actor on the global stage (Sassen, 2004). Globalisation has become a form of global pluralism, or, as Cerny (2010a) coins it, transnational neopluralism. Pluralism is not a new theory. It has been an economic, political and governance theory throughout history as a way of diversifying one’s portfolio to increase stability through competition of differing ideas, rooted in democratic governance. Pluralism has been embedded in the idea of diversity of participants, whether economic or political, leading to a more level playing field that prevents any one extreme to dominate the agenda. In financial markets, the theory of pluralism means that Foreign Direct Investment (FDI) in multiple countries entwines financial futures to create a solid network of support structures that can reinforce each other, even if the economy faces crisis. The global economy could also face disaster if the support structure is disrupted or faulty in its own right; for example, where questionable practices in the US investment market (2007-2008) negatively impacted markets around the globe.

Within this section, Cerny’s theory of transnational neopluralism is analysed as well as its antecedent research and critiques. The neopluralist theory is positioned as inclusive of the entry of multiple actors but most specifically here, local officials to the global stage. Cerny’s theory provides an opportunity to explore a shift in the activity from one of activist lobbying to one where elected officials carry out their local duties by proactively participating in the global economy. The analysis details how the transition from pluralism to international neopluralism has enabled the shift from the welfare state domestic lobbying structure to one potentially represented by

local officials who intervene at the global level for local domestic agendas of economic development, thus adding another layer to transnational neopluralism.

Early theorists on pluralism, such as Dahl (1961), argue that there are multiple power structures and political actors, all of whom are striving towards various goals in a democratic society so that no one group can find complete domination. Dahl contends that compromise and collaboration must inevitably play some role, thereby creating a pluralism of outcomes. For example, local areas may embody pluralism in economic development initiatives that have a diversified manufacturing, service and knowledge-based economy with support from various public-private sectors, and both proponents and opponents in the local community. In theory, a pluralism of a local political power structure would involve multiple level party and interest group agendas. The more diversity, the more stability and inclusion should be found both economically and politically. However, it should be stressed that 'in theory' tends to vary greatly in outcomes from 'in practice.' Dahl's argument is in contrast with a competing view at the time that the pluralist effect is minimal or marginal as, in the end, the democratic power structure is dominated by a small group of elites (Mills, 1956). The general argument of whether the system is truly pluralistic, or if it is dominated by a small group of elites, persists today in debates on globalisation and international political economy. While some argue that globalisation has led to a general opening of multiple opportunities for previously marginalised people, regions or under-developed nations (International Monetary Fund, 2011; World Trade Organisation, 2008), others persist that the effects of any 'good works' by entities and interests of globalisation are minimal in contrast to the overriding interests of hegemonic superpowers, for example the US and multinational financial corporations, which control all the means of finance and production with a superstructure built to reinforce this imperialistic agenda (Callinicos, 1994; 2009).

The term 'neopluralism', as applied to this debate, is used in the literature by Lowery and Gray (2004) who, building on Baumgartner and Leech's work on interest groups (1998), use the term to define what they see as a significant shift in the processes undertaken by interest groups to affect political change, primarily through lobbying. It is important to note that the works of Lowery, Gray, Baumgartner and

Leech were not focused on a global scale, but primarily limited to national agendas and, more specifically, looking in detail at the characteristics of interest groups rather than at the level at which they were operating. However, several of Lowery and Gray's attributes of neopluralism appear to begin to concur with Cerny's 'enmeshing' and 'crosscutting' descriptions of transnational neopluralism. In particular, they identify the attributes of an ever-increasing wide array of organisations that are beginning to influence the system. In their research, these groups also appear to have a greater degree of competition between and amongst each other, as well as being affected by an increasing level of uncertainty being imparted into the system. This was similar to Cerny's analysis of a system that was no longer solely run by nation-states, no longer tightly controlled by particular institutions or systems, and with an increasing level of a web-like structure spreading across all components.

In all of these early theories on pluralism, the underlying effect is of groups, representing the concept of pluralism, which impact on or affect 'the system' in one way or another. However, Cerny's work reveals a distinct break from previous research and perspective on the theory. In contrast, his advancement of this theory to the level of transnational neopluralism is embedded in the concept that 'the system' itself has now undergone such cross cutting, intermeshing and stratification, both horizontally and vertically, that it is no longer the focus of pluralism, but is the embodiment of pluralism. In addition, Cerny's work takes the theory beyond interest groups and into the realm of encompassing all participants at the global level.

Cerny argues, 'globalization both entails, and is itself driven and shaped, by a process of the still uneven, but increasingly crosscutting, pluralisation of world politics' (2010a, p. 8). His argument employs circular logic in that globalisation itself encourages multiple actors which, in turn, creates a more pluralistic form of growing and intertwining political landscape. In other words, globalisation drives pluralistic participation which drives, and in turn, shapes globalisation. Individual entities, nation-states or other singular bodies can no longer completely control the stage or the actors that step on and off it. Globalisation itself, with all its tentacles and actors in every form, is now the denouement, or as Cerny refers to the transition 'from *raison d'État* to *raison du monde*' (2010a).

Conducting work related to corporatism in Latin America, Oxhorn and Ducantenzeiler (1998) raise early questions related to neopluralism. While they highlight social interests as a new model potentially joining corporate interests at a higher level, they also ask if this is truly different from the authoritarian corporate models of influence, as inevitably there will be an element of authoritarian rule to either model. This harkens back to the Dahl and Mills debate on pluralism versus the power elite. The question is a valid one, even in Cerny's interpretations of neopluralism at the global level. But, as the enmeshing and cross cutting exponentially increase, the authoritarian influence may be mitigated. Whether the system is fundamentally ruled by a true pluralism of participants or if, indeed, hegemonic superpowers still maintain dominant and complete control, may yet be revealed in the coming decades of transformations at the global and local levels. Currently, debates remain active on both fronts.

Among all of the crosscutting, overlapping and intermeshing, a new actor is emerging to navigate the transnational neopluralist landscape. The increased activity of the local elected actor can potentially be thought of in one of two ways: firstly, as one of the multitude of actors who continue to grow the neopluralist web, and add to it in similar ways as other non-state, non-multinational corporate participants; or, secondly and alternatively, as an actor that brings a new, unique characteristic to the stage which may upset the existing political power structure. The research here looks more closely at the second perspective: a premise that the local elected official on the global stage may fundamentally change the system in new and unexpected ways that will be felt at both the global and local level. Specifically, change at the global level involves the entrance of a 'legitimate' new actor attempting to influence global institutions, while at the local level the impact is embodied by transformational leaders championing new economic development initiatives through local-global business models, including ethnic entrepreneurship.

According to Cerny, the competition state, acting at the international level to pursue its own self interests which may require the use of force, has become almost irrelevant in a globalised world where the activities of nation-states are so embedded in a tangled web of crosscutting interests that the use of force may only serve to disrupt a system upon which the perpetrator itself is dependent. Cerny

conceptualises that this complex interconnectedness is the embryonic emergence of a new global governance structure. 'In this context the organization of power is increasingly horizontally stratified according to issue-area, mainly structured through economic and social linkages across borders, and therefore less amenable to control and centralization through the state' (Cerny, 2010a, p. 79). Indeed, the state may be unable to attend to these needs and instead acts as the strainer through which they pass. As transnational neopluralism increases, the nation-state border is becoming an increasingly permeable caused by its own paradox – the nation-state encouraging participation in a global free market, narrowing the role of the nation-state as the primary entity acting within the global market.

The participation of non-state supra-governmental actors on the global stage is increasing exponentially. Thanks due to international media outlets and the 24-hour news cycle, all of their activities, developments and global interactions are beamed around the world before any nation-state has the opportunity to frame the issue within its international or domestic agenda. Although the nation-state is still a primary player in global politics, it is no longer the only player setting the agenda and this has significantly transformed how politics and policy unfold at both the global and local level.

While perhaps not irrelevant or obsolete, the role of the nation-state at the global level has transformed and has itself become enmeshed in the tentacles of globalisation. The definition of a system as domestic or international, or defined by nation-state or economics as separate entities, no longer offers clarification on the positioning of global issues. 'What we are seeing is not the disappearance of the state but an actual transformation of the state, its absorption into transnational webs of politics and power, and the reconstruction of the notion of 'statehood' itself along multilevel, multimodal lines' (Cerny, 2010a, p. 22). Further, Cerny states that the nation-state, through transnational neopluralism, has become part of a new construct of systems connoted by 'nonterritorial-functional-boundaries' (p. 51).

It is this concept of nation-states, politics, economics, and social issues, operating simultaneously within a system of 'nonterritorial-functional-boundaries', that portrays a global system in complex interaction, dependencies and constant transformation. Within this system, and its inherent change in 'borders' the actors

themselves are adjusting, adapting and proactively pursuing their own agendas of self-interest for economic vitality. Chapter Three builds on this idea of transformational leaders who, at the local level, are pursuing partnerships to align local growth with global cities and the modern economy.

2.5. European integration: role in globalisation at the local level

From the 1970's onward, UK local authorities have struggled with the transition from a welfare to competition state, most specifically with the decline of the steel and manufacturing base in many cities. Local elected officials and leaders, desperate for any support in economic development, began to look for solutions abroad and at the newly formed EU (known at the time as the European Communities) to help meet local needs that were not being met by central government. At the same time, EU leaders have sought paths to better integrate member states and their local areas. Over the years, a mutually beneficial arrangement between the EU and local areas within member states has developed although those local areas do not participate in an official voting and decision-making capacity. Goldsmith (1993) argues that the changes, including the direct outreach to Brussels that by-passed central government and the formation of international networks, are survival techniques by local areas who had felt abandoned by central government. This research approaches the question from the neofunctionalist perspective as it seeks to understand the actions, structures, behaviours and influences of local government actors and local ethnic entrepreneurs at the global level.

In short, neofunctionalists argued that, once national governments took the initial steps towards integration, the process took on a life of its own and swept governments along further than they anticipated going. Eventually this process would lead to an end condition resembling some form of federal European state (Bache, 1998, p.18).

While inter-governmentalists acknowledge the actions and participation of subnational actors, they maintain that national governments are still the gatekeepers, the final decision makers and the ultimate arbiters of authority in the system. Existing frameworks and theories are anticipating a potential tipping point

being approached (or already crossed) in which there are so many different actors who are influencing multiple levels and entering the stage from varying entry points. Ultimately, the state system will not conceivably maintain ultimate control of the entire system and, indeed, it may not wish to. Whether there will be an official role for subnational actors on the global stage remains to be seen. However, there are indications (explored further in Chapter Three) that movement, which includes that of sub national actors, is progressing in this direction for certain areas, whether they be issue-based or through active international networks influencing policy (Bache, 1998, pp.18-19). The next section looks at the relevant and recent literature, including multi-level governance theory, EU and international networking activity.

2.5.1 Multi-level governance theory

The theory of multi-level governance (Bache and Flinders, 2004; Baker, Hudson and Woodward, 2005; Hooghe and Marks, 1996; Hooghe and Marks, 2001; Marks, 1996) highlights a route to the EU for subnational governments as well as encouraging EU integration from the bottom up. 'Instead of the bifurcated model of politics across two autonomous levels, these theorists conceptualize the EU as a single, multilevel polity' (Marks et. al., 1996, p. 167). Marks provides some early qualitative and quantitative research to understand the pathway and motivation for local governments in Brussels seeking to influence and lobby the EU system (Marks et al., 1996, pp. 164—192). As the EU's power and decision-making properties rest with the member nation-states, local areas as primary actors, technically, do not individually play a direct role in EU level decisions. Regardless, the level of official activity by local areas has continued to increase. As of 2014, several hundred local areas are officially registered as lobbyists within the EU system and on the EU transparency register (Ec.europa.eu, 2014). The potential for funds may have lured local authorities to Brussels, but it might not be enough to sustain long-term involvement (Marks et al, 1996). However, other benefits prove worthy of their time at the EU level: these include access to a broader network of both cities and the private industry, particularly around new economic areas of finance and technology as well as providing a forum to address local issues as part of a regional network to

share solutions (Goldsmith and Klausen, 1997, p. 3). While local areas have not found the 'silver bullet' to revitalising their heavy manufacturing, they have found access, influence, an opportunity to join the new economy, and a network of EU and global cities also seeking the same solutions. Acting together in coordinated efforts and cross-national partnerships, subnational government have significant effect on supranational policy, particularly at the EU level. 'At the core of multi-level governance is the argument that collective decision-making and the independent role of supranational institutions are eroding the sovereignty of national governments in Europe' (Bache, 1998, p.22).

The research of Marks *et al* (1996) reveals that the motivation is not based on the limited potential of funding being secured by local areas, as the chance of securing funding is far outweighed by the costs of establishing staffed offices in Brussels. However, it does find evidence of a 'conflict of competencies' between the interests of local and national governments that can create an impetus for local areas to establish a separate voice in Brussels. Local areas are in effect by-passing the lobby to central government and are now attempting to diversify their economic growth portfolio across national, international and global fronts. This may indicate that the activity is simply another layer in a complex system of governance and information-sharing in which local areas find it is of benefit to tackle local issues at the EU level and, concomitantly, the EU finds it may also gain ground in information sharing and overall integration efforts (Goldsmith and Klausen, 1997, Marks *et al.*, 1996, pp. 164—192). 'Arguably', as Goldsmith (1993) suggests, 'the process has been mutual – changes on the one side producing changes on the other, with a growing interdependence becoming a main feature of the relationship between both partners' (Goldsmith and Klausen, 1997, p. 3).

One of the central paradigms of multi-level governance theory is that the line between sub-national, national and international has become arbitrary and difficult to discern (Bache and Flinders, 2004; Hooghe and Marks, 1996). Hooghe and Marks (1996) and Marks (1992, 1993) produced some of the earliest research to use multi-level governance as a concept and brought the notion into stark contrast through their political analysis of the systems within the EU and as a framework for better understanding the processes of integration. A useful definition provided by Marks

details the concept as 'a system of continuous negotiation among nested governments at several territorial tiers' (1993, p. 392).

Gamble (2004, pp. vi-vii) argues that to understand the implications of the EU on various levels of politics, it is necessary to view it as a single entity rather than a collection of member states. In doing so, the mental barriers of conceptualising about activities in geo-political terms are removed, thus opening up the possibility of exploring changes within a self-contained larger system at multiple levels: local, national and supranational.

'A European Union of Regions' is a phrase that is frequently used in the literature and within the EU. It represents activities within the European Community (EC) under the EU. Bache describes 'regional policy' (1998, p. 14) as a reference to regional economic development: this mainly involves the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF) and how they most directly affect regional policy. Furthermore, he provides a very practical and normative definition of 'regional policy' as 'who decides what and to what effect' (Bache 1998, p.14).

Yet, some research indicates that multi-level governance is not adequately represented under the 'regional' conceptualisation. Not all regions or localities participate equally. Some are very engaged with embedded activities such as established offices and full time lobbyists, others participate as needed on a per issue basis, and there is another group that completely lack the funding or organisational skills to participate at any level above national government (Cafruny, 2015; Hooghe and Marks, 1996, pp. 73-74; Marks *et al.*, 1996). These activities lend credence to the theory of multi-level governance, in which multiple actors from multiple sources participate at multiple levels and do not follow a prescribed hierarchy of established order. The inequality of participation also implies that some localities gain more influence at the EU level than others. 'There is no congruence, nor even convergence, in the political role of cities, municipalities, and regions in the European Union. Instead, there are enormous differences in the level of organization, financial resources, political autonomy, and political influence of subnational governments across Europe' (Hooghe and Marks, p.74). Further, as

Hooghe and Marks indicate, 'multi level governance seems to be leading not to uniformity but to continued diversity as contrasting regional actors are brought together within an overarching polity' (1996, p. 74).

Cafruny explores the ongoing struggle of a 'Unified Europe' which is looking to much towards problem solving rather than reform which as a result is disproportionately impacting local regions.

Ever since the collapse of the of the Bretton Woods international monetary system, Europe has confronted two seemingly permanent challenges: first, that of US monetary unilateralism, with its chronic inflationary pressures; second, that of accelerating uneven development within Europe, greatly exacerbated by the steady rise of Germany as a geoeconomic power (2015, p. 163).

Under multi-level governance within the EU, five principal routes to subnational participation are identified (Hooghe and Marks, 1996): the Committee of the Regions, the Commission, the Council of Ministers, regional offices and transnational associations. Hooghe and Marks (1996, pp. 75-89) indicate that since the Committee of the Regions' influence is by persuasion alone and does not include decision-making powers, it may not lead to the desired outcomes for direct sub-national government involvement in the EU. Working through the EC or the Council of Ministers would provide a more direct route to influence those with decision-making authority and capabilities: however, this is still nation-state dependent as not all regions have access to appointing or allowing local representatives to operate at this level. A way to increase access through this route includes creating partnerships that would allow regional or subnational entities to access EU funding which is designed to aid integration among regions in the EU with its various economic disparities (Marks, 1993; Hooghe and Keating, 1994).

The establishment of local representational offices in Brussels first appeared in 1985. Since that time, many local areas, local representatives or local associations have sought to register themselves with the EU transparency ledger for EU lobbying (Hooghe and Marks, 1996, p. 82). As of March 2014, the number of local representatives registered stood at 307 (Ec.europa.eu, 2014). 'Quantitative analysis of this phenomenon reveals that the regions having representation are not those

that receive the most funding from the EU, or the poorest, most needy regions. Instead, the most politically entrenched, most ethnically and politically distinct regions' (Hoogh and Mark, 1996, pp. 83). Further, Hooghe and Marks state, 'The regions that are represented directly in Brussels engage in both competition and cooperation, depending on the issue' (1996, p. 86). In the empirical chapters to follow, this research explores the *how* and the *why* of this phenomenon relating directly to local elected officials and local ethnic entrepreneurs.

Clearly too, whilst the European Commission and its directorates might well seek to build relationships with regional and local governments, using them both for policy advice, policy development and policy implementation, at the end of the day the Commission knows that it must carry not only the Council of Ministers along its proposals but also increasingly the European Parliament (Goldsmith and Klausen, 1997, p. 4).

Multi-level governance at the EU level creates interdependence between supranational government structures and local government structures. Keohane and Nye (1977, 1987) are early theorists on international interdependence, providing insight into the mutual interest of local government in the EU and the EU in local government. They argue against three primary rationalist points: that nation-states are the only entities that matter; states will always choose their self-interest above others, thus cooperation is under-mined from the start; and that cooperation arises out of discord and is focused on difficult negotiations that do not create real cooperation and generally fail to achieve big impact. Keohane and Nye address these issues, not with a point-by-point counter, but by looking at holistic solutions for the system which mainly involve reversing the democratic deficit of international organisations (1998, p.4). Conversely, the three key areas that Keohane and Nye indicate should be considered as globalisation increases are: shoring up domestic democracy, international democratic participation in global institutions, and international networks. It is specifically the latter two issues which provide insight into the participation of local elected officials on the global stage.

Goldsmith emphasises that the EU and European Commission have an interest in collaboration with subnational governments both for greater member state integration as well as using the subnational governments as a source of

information on how integration programming is progressing and what improvements may be needed. He argues that this creates an interdependency between the sub-national and EU level. Goldsmith indicates the possibility that reports coming directly from national governments on the processes of integration may overly reflect national special interests (Goldsmith, 1993, p. 689).

2.5.2 Networking at the EU and global level

When considering EU participation, the local government response generally falls into one of four categories: 'counteractive, passive, reactive and proactive' (Goldsmith and Klausen, 1997, p. 248). A 'counteractive' response occurs among those who see no benefit in the EU as a whole and no benefit to them as a local authority for funding or policy. These areas feel that activities at the EU act against their wishes and needs at the local level. A 'passive' response manifests itself as the opinion that a coordinated effort towards the EU makes no difference, therefore there is neither staff expertise nor commitment to look towards Brussels. These local authorities ignore any activity that could relate to their area and take their lead from central government. Those 'reactive' areas are interested in EU matters, and perhaps have some understanding of the workings and potential for local benefit, but do not take an active lead to pursue these matters. If these regions participate, it is in response to something specific or as a supporter of another entity or organisation which is engaging with Brussels. Some areas may engage with some networks operating at the EU level but do not take a lead and only participate in response to a need or request. They show an interest in Brussels but without having a full-scale dedicated physical representation in Brussels. Finally, the local areas that are 'proactive' are usually led by strong elected officials who have an interest in, or are supporters of, the EU in principle. These local authorities have a strategy for how they want to benefit from participation in Brussels, how they are going to go about it, and the extent to which they will finance their strategy, including staff and office costs, to achieve the goal. These participants also tend to become the leaders of the intercity networks and participate in EU committees focused on cities and areas (Goldsmith and Klausen, 1997, pp. 237-254).

Whilst local areas engage in activities at the EU level for several different purposes, Goldsmith and Klausen (1997, p.232) identify three common activities:

1. Information gathering - getting it before it is filtered down through central government;
2. Lobbying - in person and as part of the informal networking scene;
3. Networking partnerships for EU opportunities between cities and regions.

As local governments seek to use the EU stage to promote self-interest and to lobby for influence, they have also, either willingly or by circumstance, become part of intercity networks operating at the EU (and global) level. Those local governments with the resources and organisational skills begin to recruit staff and organise offices to embed the process of networking among other local operations taking the same approach. In their 1992 survey, Goldsmith and Sperling found that of the 80 local authorities who responded, more than half employed an EU specialist or current staff with EU knowledge, 'In other words, most local authorities have recognised the growing importance of EU matters in relation to their work, with them either having to employ further specialist staff or else provide further training for existing staff' (Goldsmith and Sperling, 1997, p. 99).

In the years following Goldsmith and Sperling's initial surveys, local authorities rapidly have gone further in employing EU representation on their staff:

A number of local authorities have sought to recruit staff with skills particularly relevant to EU matters – such as having a second language, extensive experience of Whitehall and Brussels corridors, or links to networks or local governments in other countries, as all of these are recognized as essential ingredients in an EU campaigner's toolkit (Goldsmith and Sperling, 1997, p. 99).

According to their respondents' attitudes toward the EU, a majority of local governments indicated that EU policy should not be left to central government alone, and that central government obstructed the activities of local government in the EU (Goldsmith and Sperling, 1997, pp. 107-108). 'Additionally, these changes are leading local governments to form partnerships with their counterparts in other EC countries, creating an increasing number of general and specific networks able to

lobby Brussels directly, leading their members to by-pass national governments' (Goldsmith, 1993, p. 683). This attitude is prevalent today and is explored further in Chapter Three.

For those areas that are proactive and seek out participation in the EU, Ercole, Walters and Goldsmith (1997, pp. 219-236) highlight four methods by which they participate:

1. Twinning – the pairing of similar international cities for purposes of cultural exchange to encourage public diplomacy efforts;
2. Transnational networks – a network of cities seeking to maximise their impact around a particular issue by knowledge sharing and collective action;
3. Cross-border collaboration – local government to local government official business across national borders;
4. EU advisory council participation – local government seeking positions on advisory councils within the EU.

Transnational networks and cross-border collaboration are of particular interest for the empirical research in later chapters as they help explain the *how* of local to global activities. Huggins (2013), in reviewing Koch (1974), provides a complete depiction of transnational networks and cross-border collaboration. He notes that there was a proliferation of sub-national to global activity (and research) in the 1990's but from then on research subsequently wanes. Of particular interest to the research conducted here, Huggins points to Payre (2010, p. 260) who argues that the effect of globalisation on local authorities was, in fact, to drive them towards international participation. Activity at the EU in establishing a 'Committee of the Regions' further spurred local authorities to participate at a level above the nation-state.

In addition to the methods, the processes are described as informal rather than institutional, and tend to cut across horizontally, lacking a degree of hierarchy. A guiding factor of these informal networks is a high level of innovation and ideas across the networks. The relationships across networks may have similar interests and 'products', utilising the network to achieve economies of scale, or as complementary partners to ensure a diversified portfolio of products and options.

Within these networks the key players, as the face and activist of the networks, tend to be elected city leaders as well as academics (Ercole, Walters and Goldsmith, 1997, pp. 220-223).

Benington and Harvey take the argument further to say that neo-realist, functionalist, rational theory, does not provide a full conceptualisation of the networking in Europe: it is simultaneously vertical and horizontal and similarly made up of a diversity of actors who are both elected and non-elected and engaging in the policy making processes at the EU level (1999, p. 197). They identify the types of networks as sectorial, spatial or thematic. The sectorial network includes subnational government concerned with economics of sectors, as in coal industry, aerospace, or energy. Spatial or territorial networks tend to be based on the size of cities and the implications, needs, and challenges of each city. Thematic networks tackle large issue-based initiatives such as climate change, security or poverty.

The economic context for many UK local authorities has been sharply affected by the restructuring of key industrial sectors which is accompanying the moves towards a more integrated and competitive European market. Many local authorities are responding by developing economic regeneration strategies in conjunction with local, regional and European partners (Benington and Harvey, 1999, p. 199).

Within the economic framework, there are several contexts in which networks can operate. The technological context, where the flow of information is not necessarily based on the location of those who gather information, easily opens up participation in networks beyond the 'local' without the need for capital investments of staff and offices in Brussels. Local areas can now participate in, and draw on, global ideas and innovations for local areas (Benington and Harvey, 1999, p. 200). Operating within the social context of EU policy areas allows participation in impact areas, such as trade, finance, environment, and begins to draw (physical) local actors into the process and creates networks (Benington and Harvey, 1999, p. 200). In this scenario social partnerships are formed but without formal arrangements and physical offices. The political context tends to draw local elected officials to Brussels to directly intervene on issues. Benington and Harvey's research indicates that local elected officials are seeking out participation in Council of the Regions (COR) and

Council of European Municipalities and Regions (CEMR). This point of intervention is explored further in Chapter Three and indicates that participation may be shifting towards more direct independent intervention of local elected officials, rather than through committees or establishing physical offices.

It is also important to consider the motivation of those local elected officials or representatives participating in EU networks. Benington and Harvey (1999, p. 206) identify multiple motivations for joining or creating networks at the EU level. Among others, these include profile raising of a particular local area or local authority; personal political ambition of the local elected official; access particularly to grants and other funding opportunities; and by-passing central government.

While early research in the area indicated that the initial draw for subnational governments was the opportunity to access funding opportunities, the drive for more EU representation and influence has become a new leading factor. Most EU/EC funding targeted at subnational governments requires a broad definition of EU-level participation, thus requiring subnational governments to form networks at the EU level. 'The creation of these networks is one of the most important developments in terms of EC and sub-national governments in recent years. They permit greater co-operation between local authorities, not only nationally but also cross-nationally' (Goldsmith, 1993, p. 696). Once the networks have been established they are transformed into multi-use platforms for sub-national government to establish a foothold of participation at the EU level. The empirical research in Chapter Four will further explore several of these themes as local elected officials independently take to the EU and global stage.

As Martin (1998) reveals, the potential of local authorities to access funding is a growing importance to English local authorities, many of which appoint part-time or full-time staff to manage 'European issues', including bids for funding; in many cases, they are managed at the highest level of government and personally by the city manager, mayor or head of council. This indicates that 'EU policies are seen as extremely important influences on local regeneration strategies' (Martin, 1998, pp. 241-242). On many occasions this has also necessitated the involvement of public private partnerships, especially as EU funding in most cases requires local or partnership matching funds. This has led to local authorities approaching these

activities in a business-like manner and as an increasing form of local governance (Martin, 1998, pp. 237-248). These types of transformations have informed the research here to determine what forms of structure and agency at the local level lead to an increase in local governance in the form of transformational local leadership.

2.6 Political Leadership

Historically, the local elected official acted as an administrator and deliverer of basic constituent services. Localities, and their representatives, were responsible for administering social services, managing infrastructure and maintenance in roads, borough-owned buildings and bridges, managing utilities, and collaborating with national government on delivery of services, such as education and health care. The role of the local elected official was primarily transactional and focused on constituent service and administrative duties including balancing a local budget.

Over the past several decades, as budgets have tightened, local areas have struggled to maintain the delivery of basic services while attempting to spur economic growth. Local authorities have cut budgets, laid-off employees, outsourced services, and, in some cases, consolidated or completely eliminated city services. As a result, some elected officials have embraced a role shift from administrator and deliverer of city services at the local level to becoming an activist, a legislator and innovative political entrepreneur at both the local and national levels. This new transformational local elected official endeavours to be all things to all people: an administrator providing constituent service, a legislator and activist developing and devising new policy in a new economy, a collaborative deal-maker and a charismatic leader with vision and communication skills to successfully guide followers through the new economic terrain. This form of local leadership does not follow the same old script, it requires 'out-of-the-box' thinking and the ability to bring people or groups of people together to tackle seemingly intractable issues that were previously not on the local agenda. 'In short, new conditions require a new style of public leadership' (Nye, 2008, p. 50).

The changing role of local leaders, whether they are politicians or entrepreneurs, is to now 'do more than push, push, push for their proposals or for their conception of problems. They also lie in wait – for a window to open... their readiness combined with their sense for riding the wave and using the forces beyond their control contributes to success' (Kingdon, 2003, p. 181). The local leader in the globalisation era who wants to invigorate local economic development pursues several fronts: to name a few, lobbying central government (if possible), forming creative public-private partnerships, sharing resources with other local areas, and looking for funding outside their respective nation-state - types of activities that were not always part of the milieu of the local elected official. Elected officials are open to considering 'out-of-the-box' arrangements for business models and funding mechanisms. These innovative models include: larger companies incubating smaller companies and creating spin-offs or legal joint partnerships; multi-use public-private spaces; youth pipeline education and job training for maths and science fields in collaboration with churches, schools and hospitals; recruitment of international businesses into shared businesses incubator spaces; and launching programmes with unsecured phased funding to create momentum. In addition, the local leader not only has to consider the needs of their area and how they may fit into the national economy, but they must look at the drivers of the global economy, the supply chains of global cities and the ethnic entrepreneurs arising out of emerging markets in Brazil, China, India and Russia for integration in to their own local economies. Leaders not only have to devise, incubate, and grow new economies but they also have to train their own workforces to be able to fill the demands of those new businesses which may require advanced technology skills. They need to approach these fronts in a collaborative local model with less and less funding support from central government. Finally, leaders need to accomplish this while not neglecting the basic public services that a diverse community needs to maintain itself: roads, schools, health services, local safety and more.

Work on transformational versus transaction leadership was originally published by Max Weber (1947) and his definitions and categorisations are still accepted and used in current academic literature.

Weber (1947) described three types of leader:

1. The Charismatic Hero (transformational) stands apart and rallies followers through vision and inspiration creating significant change to the status quo;
2. The Bureaucrat (transactional) leader follows the rules and maintains the status quo through mutual benefit and market value trade. Weber purported that capitalism fosters bureaucratic leadership;
3. The Traditional (feudal) leader is one who gains power through tradition and loyalty. These are leaders who are not necessarily elected but are appointed or inherit a right to rule.

Burns (1978) offers a simple and clear distinction between transactional and transformational leaders in the modern political realm where the transactional leader exhibits system-maintaining behaviour, and the transformational leader exhibits system-changing behaviour with actions that change the course of history. Janice Stewart comprehensively chronicles an extensive body of academic work by Avolio (1999), Bass and Stogdill (1990), Burns (1978), and Leithwood (1992) on transformational and transactional leadership. According to her, Burns defines two types of leaders, transactional and transformational, where, 'leaders evolve from a structure of motivation, values, and goals' (Stewart, 2006, p. 9). Transformational leaders are morally driven and interested in stimulating a higher purpose within followers, who in turn can also become leaders (Stewart, 2006). Comparatively, transactional leaders are interested in an exchanged value, intrinsic or extrinsic. It is the relationship interplay between leader and follower, the dynamics of social change, and human need that drives the leadership model (Stewart, 2006).

In the interest of focus, this research uses these definitions on transformational and transactional leadership by Burns. Joseph Nye (2008), using Burns' (1978) definitions, then takes the transformational and transactional leader categories and provides a clear analysis of activities relating to international relations, power, politics and economics. It is at this stepping-off point that it is possible to see where the local transformational leader has evolved from the historical model.

At the local level, transformational leaders seek to change the course of their areas through new, innovative economic development plans to align the local economy with the global economy. These leaders have gone beyond the traditional

mold of the local transactional elected leader and now act in an activist and legislative capacity previously reserved for politicians at the national level. They set forth exciting visions and then work to rally supporters, followers and stakeholders to their cause. The transformational local leader studied here presents as self-empowered to explore new partnership models, new funding mechanisms, to personally negotiate with multinational corporations and to promote their areas at a global level for business and growth opportunities. These event-making activities place local areas on a different path for the future.

Neither is completely mutually exclusive and most leaders will contain elements of both transactional and transformational behaviours at various times or for various purposes, but in the context of this research, a local transformational leader is one who, given the current circumstances of the impacts of globalisation at the local level, charts and leads a path for change that takes the local area in a new direction. It is also important to note that transformational leadership does not always mean effective leadership and transactional leadership does not always mean poor, for example, Hitler is often classified as a transformational leader. In addition, leaders can employ the tools of hard or soft power within either context of transformational or transactional leadership, where hard power is force and coercion and soft power is attracting and co-opting. To further complicate the matter, leaders can switch between these modes depending on the situation or need.

Several key points explored by Nye are worth noting in the context of globalisation and the local leader. First, a useful frame of reference is that 'power always depends on the context of the relationship' (Nye, 2008, p 28) between two people or entities. The local official is transformational and wields power only so much as the local circumstances allow and he or she takes advantage of the opportunity. This may mean that a leader only has power within that given context and potentially not on a larger scale. Ethnic entrepreneurs may wield economic power in the local context but not political power on the national level.

Similar to Cerny's framework for transnational neopluralism involving an ever-increasing web-like mesh, networks play a critical role in leadership at the local level. 'Long-term trends in the economy and society such as globalization and the information revolution are increasing the importance of networks and changing the

context of leadership. What is new today is that global networks are quicker and thicker. Networks build social capital that leaders can draw on to get things done' (Nye, 2008, p. 44). The ability to build and effectively use networks is critical for local leaders to gain momentum in their work, a trait that has also been described by Nye as integrative public leadership.

Bass (1998, 1997), Bass and Steidlmeier, (1999) and others, for example, Avolio (1999) and Leithwood (1992), have written extensively on leadership but have not placed it in the context of the civic realm; Avolio's work focuses on transformational leadership in education and Leithwood's focuses on organisational leadership. However, Bass's work on the four key elements of leadership (1985) is helpful in the analysis for civic leadership. Bass contends that for leadership to be authentic or moral, it must be linked to idealised influence, thus implying a moral component; inspirational motivation towards doing good deeds; intellectual stimulation in laying out a vision with an plan; and individualised consideration meaning the ability to understand and work with people to help them improve (1985).

Within the transformational leader model, local leaders faced with global implications are displaying integrative public leadership behaviours manifested by Bass's four higher orders (1985). One behaviour in particular takes on critical importance at the local level within the issues studied here; this is intellectual stimulation - creating a bold vision and a plan to implement it. Again, this behaviour represents a departure from the traditional roles and behaviours of the local elected official.

Integrative public leadership requires transformational leaders to consider collaboration beyond the public sector and beyond simple public-private partnerships. It involves multi-agency, cross-function and sector, ad hoc and semi-permanent groups of stakeholders who join forces to tackle a specific issue with some level of mutual gain or benefit to all partners.

The dimension of intellectual stimulation is illustrated by leaders challenging others to question time-worn assumptions, reframe problems, and approach old situations in new and novel ways. These actions stimulate others to be innovative and creative. It encourages them to be involved in the

process of addressing issues and finding solutions (Sun and Anderson, 2012, p. 311).

For the elected official, it means the ability to see the bigger picture and to fit the components together accordingly; grasping the concept of a local economy within a global framework and considering how to best position the area.

As modern global cities face austerity measures on top of existing limited resources with which to leverage economic vitality, innovations and partnerships have gained growing attention as a means of stimulating local economies (Hutchinson, 1994; Ram & Jones, 1998; Lawless, 2001). Utilisation of these models and frameworks allows the impact of transformational local leadership in response to globalisation to be analysed and various conclusions to be drawn. As part of these innovative partnerships and models, some local transformational leaders are integrating ethnic entrepreneurs as part of the solution to local growth.

2.7 Conclusion and Implications

This chapter reviewed the literature on globalisation that relates to the impact felt by local areas, the structures of the local government and the agency of the local elected officials. Specifically, it explores the impact of a shift from welfare to competition state, the rise and implications of global cities on local areas, and how the theory for transnational neopluralism provides a window by which a better understanding of how - and why - local elected officials are participating in the global economy can be gained. As the central case study of this research, described in Chapter Five, looking at three London local authorities, the impact of the EU is also examined in relation to multi-level governance theory and EU networking activity. This allows an analysis of whether a distinction between local agency and structure at the EU level versus global exists.

David Held (2010) has described the new individual democratic participant of the 21st century as a 'cosmopolitan', influencing government and economics in a way that is cross-cultural, compromising and inclusive beyond geographic nation-state boundaries for mutual benefit. Held refers to these participants as belonging to 'communities of fate'. Local areas across the developed world are finding

themselves in similar situations, having to do more with less while attempting to provide for their residents and spur economic vitality in an internationally regulated economy.

In examining the impact and transformations of globalisation at the local level, it is important to first understand the changes that have evolved at the EU and global level and the theories that facilitate an explanation of these changes. This research has been informed by a number of strains of institutionalist theory, including the shift from welfare to competition states, the framework for global cities, the model of transnational neopluralism and the impact of European integration.

At the supranational level, institutionalist theory provides a broader perspective into the complex interactions and dependencies which occur at the global level and impact on local transformations. This is achieved by examining economics through a lens of behaviour and, although controversial, considering political motivations as well as pure market analysis. It also provides a perspective on the rise and fall of several international institutions as well as ones that have endured over the last century. Importantly, it helps explain the changing nation-state, and its brief and turbulent formation since the Peace of Westphalia (1648).

At the subnational level, the shift in foundational ethos of the hegemonic superpowers - namely the US and UK - from one of welfare to competition, has significant implications for economic vitality in local areas. Specifically, the refocus from primarily a domestic agenda to an international market and competition agenda has left significant gaps in both budget allocations for economic development as well as the strategic direction and support for implementation of those agendas. Local leaders are taking a journey that was at first reactive, then became adaptive and perhaps is now proactive in order to position their areas so they can participate in the new competition market of the global economy through alignment with global cities and associated supply chains.

The rise of global cities as the focal point of the new global economy has clearly defined the structure and type of economic opportunities available in the 21st century, namely knowledge, technology and finance and their supply chains. Local areas, slow to transition from industrial to service economies, are showing signs of

beginning to align their local growth to that of global cities in order to fill the void left by the competition state. Global cities are offering both a blueprint to the new economic opportunities as well as the entry point.

In a similar vein to global cities, local elected officials of smaller areas may be beginning to by-pass national government and heading straight toward economic opportunities at the EU and global levels. Hooghe and Marks argue that:

One of the most important consequences of European Integration is the multiplication of extra-national channels for subnational activity. Territorial relations are being transformed: national states are losing control over important areas of decision making, a variety of new channels have been created for regional mobilizations, and subnational governments are engaged in innovative, transnational, patterns of interaction (1996 p. 73).

Once through that entry point, local areas find themselves part of a complex, crosscutting and inter-meshing system of globalisation which Cerny has termed 'transnational neopluralism.' In this new framework, the layers to globalisation are too interdependent to separate and include all players at all levels and not limited to the nation-state. This system thus provides the playing field where local areas can pursue opportunities that were once solely defined and controlled by the nation-state.

Nation-states still play a significant role in economic development, both at the local and global level, but transformations have changed the way the game is played. 'National governments, however, no longer play the critical role of intermediary between subnational government and international relations, and sub-national governments are no longer nested exclusively within national states' (Hooghe and Marks, 1996, p. 90). The nation-state is promoting a global competition state in which its own local areas must compete to survive. Local areas in turn no longer look solely toward their respective nation-state for funding, planning and support in economic development, but must now act locally and think globally to pursue their own agendas. 'European integration is domesticating what would previously have been described as international relations' (Hooghe and Marks, 1996, p. 90).

These transformations are a result of economics plus behaviour, and are taking place under the influence and persuasion of politics. Each of the specific theories has been examined, identifying their overarching themes, their progression over a period of time; these are then applied to transformations witnessed at the local level.

The important point to note about the developments discussed in detail here is that they increasingly cross national boundaries and by-pass central governments, permitting if not directly encouraging localities and regions to deal directly with Brussels and vice versa. As such they represent the most important development in intergovernmental relations in the European context in recent years – one which in all probability will markedly shape those relationships in the foreseeable future (Goldsmith, 1993, p. 698).

The empirical chapters to follow examine that foreseeable future to look at both the structure and agency related to local elected officials on the global stage and new participants enabling the activity at the local level.

Chapter 3

Local Elected Officials Go Global: Beyond Agency & Structure

3.1 Introduction

Local governments and elected officials are increasingly thinking 'out-of-the-box' of traditional hierarchical local government structures and, in doing so, are becoming involved in activities at the global level to address local problems. The purpose of this chapter is to consider how this change can be understood and explained through a dyadic model of structure-plus-agency and what implications there may be for the nation-state. Explanation and analysis of this phenomenon is approached in one of two ways in the literature. One perspective is through the lens of structure, explaining what cities are doing or how cities are interacting with other structures at the local, national or global level (Cerny, 1990, 1997, 2010; Sassen, 1991, 2000, 2001; Stoker, 1991, 1998). Activity is also explained through agency and how elected officials' roles and behaviours have evolved due to necessity, personality, motivation or leadership skills (Borraz and John, 2004; Gains, Greasley, John and Stoker, 2009; John, 2000, 2001, 2008; Nye, 2008).

A study of changes in behaviours can help contextualise a framework for agency, whilst an understanding of the issues of globalisation, including the retreat of the welfare state, retrenchment of local authorities, and a growing complexity of layers in the global system, can help contextualise the structure. However, to fully conceptualise the broader phenomenon, a dyadic framework of interacting structure-and-agency can help explain the broader implications of localities pursuing global activities. In the research presented here, agency is examined through a transactional or a transformational style of leadership, which is then coupled with structure, identified as either administrative-executor or legislative-activist.

A framework is employed for looking at implications of globalisation on local structures as a stimulus or catalyst for a shift in agency; and for this shift in agency to act as a catalyst for the changing structures. Specifically, what are the implications for the interactions of agency of local elected officials as transactional or

transformational alongside shifts in local structure from administrative-executor to legislative-activist? How can these changes be explained for agency at the local level in terms of motivation and representation? Why do changes in local government structures facilitate these activities through turning their focus from a local or national to a global stage?

In the UK, the retreat of the welfare state and rise of the competition state, resulting in substantial public sector cuts, means cities must depend less on central government for resources and support. Cities and local authorities have been left to seek their own solutions through changes to internal structures and activities to fill this funding gap. The devolution agenda is gaining speed and has been endorsed by both Labour and Conservative political parties in the 2015 national elections. This has been evidenced by the (Lord) Adonis review (2014) on the Labour side and through Lord Heseltine's report *No Stone Unturned* (2012) for the Conservative Party. This means that local areas, which have already shouldered the burden of massive local cuts to services and social programmes, need to assess whether they can set up a form of local government that can meet local needs without intervention of central government. The transition seems inevitable. 'Devolutions to city-regions – units of scale that allow for strategic decision making and investment across functional economic areas – have been the missing piece of the puzzle' (RSA, 2015). Indeed some, as exemplified by Greater Manchester, Sheffield and Leeds, have already started down the path of local control (RSA, 2015). For Greater Manchester, this means two billion pounds of services have been devolved from central government control to local control in the areas, amongst others, of transport, the NHS and housing (RSA, 2015).

The RSA report states: 'To achieve the full gains from devolution, it is important for metros to align their economics with their politics and administration' (2014, pp. 18-19). As a result, cities may seek to shift their internal configurations from a traditional one of administrative-executor, acting as the conduit for the delivery of local services, to one based on legislative-activism that seeks to go beyond local borders and to engage with the global economy to fill the gaps left by the competition state. In this research, consideration is given to how local areas achieve this through interaction with different structures rather than simply central

government. The shift encourages and facilitates local areas to control their own economic fate, and may also catalyse changes in structures and agency between local government and the global stage as national borders become more porous.

The traditional form of agency at the local level is transactional where behaviour maintains the status quo through activities that are commonly accepted and embedded in the system. However, some local elected officials are acting in a transformational capacity, where their actions seek to change the status quo, often through innovative partnerships and activities which are not confined to traditional structures. The traditional structure of local government is administrative-executor which enables delivery and facilitation of constituent needs and services flowing from the national level. Some local areas have modified their structure to be more legislative-activist, thus facilitating legislative activity at the local level through active participation in a democratic process, rather than it being dictated from the national level.

Within the changing roles of structure and agency, the dyadic arrangement appears to be linked. Whereas the process under structural theory delineates actions such as local government interacting with national government or structure-to-structure, new activities indicate a model which may involve an independent local elected official emerging from the structure to interact with other structures - both national and global - as well as with other types of actors at multiple levels. This means that a shift in activity has occurred from simply structure-to-structure interaction to one of structure or individual interacting with another structure or individual at multiple levels.

Understanding why local elected officials, acting as transformational leaders, feel independently empowered and how structure can either facilitate or obstruct their actions are critical questions. To explain the changes at the local level, an integrated model of both agency and structure is devised, leading to four potential combinations:

- transactional agency in an administrative-executor structure;
- transactional agency in a legislative-activist structure;
- transformational agency in an administrative-executor structure;
- and transformational agency in a legislative-activist structure.

The first combination is that local elected officials maintain a transactional form of agency with local government in an administrative-executive structure. In this instance, local elected officials attempt to maintain the status quo while working with fewer resources and little support. Frequently, in an environment where the area is in decline, local officials working within this structural-agency framework express a hope of returning their area to a 'former glory'. Conversely, there may also be combinations of a transactional local elected official with a legislative-activist structure, as well as a transformational local elected official with an administrative-executor structure. These two outcomes appear to position the agency and structure at odds with each other. Finally, there is the potential outcome of a legislative-activist structure coupled with transformational behaviour where the local area shifts its structure to allow for multiple forms and paths of interaction with other structures and individuals. Each of these combinations can have an impact irrespective of whether a local area is engaging in acts of government or acts of governance.

The evidence that elected officials are engaging in global activities beyond the traditional scope of city-to-city trade or city marketing and tourism, is clear (Beauregard, 1995; Cerny, 1990, 1997; 2010; Friedmann & Wolff, 1982; Sassen, 1991, 2000, 2001). What is not clear is a conceptualisation that links together structural and behavioural changes as a result of globalisation's impact at the local level. This provides an opportunity for this research to fill the gap and to consider the implications for the nation-state and to provide a conceptual analysis and framework.

Concepts such as globalisation and transformation can have broad and sometimes trivial or 'buzz-worthy' meanings unless clearly delineated within the specific debate they are employed. Therefore, before proceeding with an integrated analysis, it is important to address several critical views on the meaning of the concepts and to place them within the context of this research.

The main body of this new research is divided into two sections under the general heading of Global Fluency: Beyond Structure and Agency. The first section is 'Structure & Global Fluency: New Activities' (Section 3.3.1); followed by 'Agency &

Global Fluency: Motivation & Representation'(Section 3.3.2). Within these sections three critical questions are considered:

1. What are local elected officials doing? Transformational local elected officials are operating at the global level. Two examples are explored where they either act as individuals or within global networks.
2. Why are local elected officials doing this? Looking at motivation, it is important to learn directly from elected officials why they are engaging in the transformational activity. Several interviews and conversations with local elected officials in and around London's eastern boroughs are presented and integrated through this section. These boroughs present a unique opportunity to explore geographically and economically similar areas that are all seeking ways to regenerate a struggling local economy. Two of the boroughs examined here have elected mayors, and one is the traditional leader-council. Some seem poised for growth and integration into new economic areas while others remain in decline and struggle to maintain the status quo or to restore the economy they relied upon formerly. These insights begin to position agency and structure as inextricably linked.
3. Who are local elected officials doing this for? The question of representation is considered through an analysis of interviews with local elected officials, determining whose interest they believe they represent: their constituents, their political party, their nation or, more broadly, a representation of ideas or initiatives that benefit society.

These examples and interviews will also be presented as full case studies, one per borough, in subsequent chapters. Following the analysis of new structures and activities, implications of globalised structure and agency at the local level are examined including possible implications for state sovereignty. This is followed by concluding thoughts on the dyadic framework for understanding structure-plus-agency as a holistic conceptualisation of local elected officials engaging on the global stage.

3.1.1 Diplomacy and Paradiplomacy

At the core of the research, as depicted in this chapter, is a general supposition that activities in local government have evolved over the last few decades from purely local or local-to-national, to comprising multiple and complex local-global connections. Local governments are taking on more responsibilities and burdens, with fewer resources, while at the same time extending their reach beyond local borders and outside existing hierarchical government structures. Local officials are becoming empowered actors in their own right on the global stage and engaging in independent action once reserved for state governments. It is therefore helpful to discuss current concepts of what it means for state governments to interact with each other; this can then be expanded into terms relating to multiple actors on the global stage, including the relations that may occur between various levels of different state governments, no longer limited to state-to-state diplomacy.

Diplomacy, known as the interaction of nations but also referred to as International Relations, dates back to Greek and Roman times and remains the official form of direct nation-to-nation contact in foreign relations. However, a shift in activity from historical inter-city trade and promotion of marketing and tourism, reaching into the realm of international relations between global and sub-national entities, has progressed beyond the official state boundaries into lower levels of government, down to the lowest levels of city government. As the interaction of cities or local areas is examined with multiple other levels and layers of government and non-government entities, use of the term paradiplomacy (Duchacek, 1986, 1990, Michelmann and Soldatos, 1990) is helpful to encompass government or political actors other than national governments who are engaging in action relating to foreign or international relations. 'Global paradiplomacy consists of political contacts with distant nations that bring non-central governments into contact not only with trade, industrial, or cultural centers on other continents... but also with the various branches or agencies of foreign national governments' (Duchacek, 1986, pp. 246-7). The term reveals a level of diplomacy that local governments are using to engage with other foreign governments, international organisations, foreign local governments, and a myriad of other actors engaging on the global stage. It most

clearly implies a type of interaction in foreign relations that goes beyond the traditional exchanges of foreign cities for purposes of trade, marketing or tourism and into the activities previously reserved for state-to-state diplomacy and interactions.

The phrase 'global stage' can be clichéd and overly emblematic in the globalisation debate. In this respect, a quick explanation of the use of 'international' versus 'global', and how these two terms are frequently used interchangeably in general discussion, helps make their meanings specific and distinct. 'International' means actions between nations while 'global' refers to activities occurring above nations or at a level that encompasses all nations. However, the activities themselves are not always so clearly distinct as being strictly international or global as the system is complex and cross cutting, and can be referred to as 'transnational neopluralism' (Cerny, 2010). Similarly, local elected officials on the global stage may be engaging in international or global activities. In this context, the phrase 'global stage' is used as a virtual arena: a non-geographic concept where activities can take place either between or above nations. Similarly, the term 'global marketplace', when used in this research, means a specific virtual or non-geographically location where businesses operate at a level above or beyond nation-to-nation business arrangements.

It is also important to review the meaning and use of the word 'globalisation', principally as it is used in this research as a causal element to structural and agency changes at the local level. An analysis of the meaning of the term globalisation, as it is used in this chapter, will help to focus the discussion considered herein. Woods (1998) provides three interconnecting categorical perspectives of globalisation that help define elements of the argument:

- Market Approach – activities of the financial system, the exponential growth of transaction-related activities and the associated elements
- State Approach – reinforcement or constraint of a state sovereign system
- People Approach – analysis of inequalities along with cultural and social values.

This chapter looks at globalisation primarily through the Market Approach as it relates to local elected officials seeking to stimulate local growth through activity on the global stage. Consideration is given to the implications of those activities related to globalisation on the State Approach.

Another critical distinction to highlight is the use of the terms 'government' and 'governance', particularly on the local level. Local government is the form and level of government in direct day-to-day contact with the local population. It is at the bottom of the hierarchy for government systems within nation-states. For this reason, local officials feel they are uniquely placed to address global issues that have local implications for their constituents' daily lives. The activity discussed in this research is one of governance at the local level. 'Governance can be broadly defined as concern with governing, achieving collective action in the realm of public affairs, in conditions where it is not possible to recourse to authority of the State' (Stoker, 2000, p. 3). Using this definition allows exploration of a combination of influences from multiple levels -local, national, international and global - that are precipitating the changes at the local level from government to governance (John, 2000, 2001). Acts of governance inform an analysis of the shift in local structure from administrative-executor to legislative-activist. Governance is an important factor in this analysis because it helps to distinguish the local areas that thrive and decline.

3.1.2 Transaction versus Transformational Political Leadership

Local areas are undergoing a change in structures as a result of globalisation. Concomitantly some local areas are experiencing a change in agency of local elected officials from transactional to transformational who then feel empowered to 'go global' and act independently on the global stage. It is the use of the phrase 'transformational leadership' that must be delineated here. It is also important to differentiate the term 'transformational leader' from good or bad, effective or ineffective leadership. Not all transformational leaders create positive change, but transformational leadership may lend to the best opportunity to create economic growth on the local level. Nye (2008, pp. x-xi) defines 'leadership' as 'those who help a group create and achieve shared goals. Leadership is a social relationship with

three key components – leaders, followers, and the context in which they interact.’ Stone concurs and expands the definition by stating that ‘leadership goes to the heart of politics, that is, to the capacity of a people to act together on shared concerns. Leadership revolves around purpose, and purpose is at the heart of the leader-follower relationship’ (1995, pp. 96-116).

A clear distinction that underpins the research is the ‘transactional element’ versus ‘transformational element’ that is aligned to the progression of local elected officials from operating in a structure of administrative-executor to legislative-activist.

Transformational leaders are contrasted with transactional leaders, who motivate followers by appealing to their self-interest. Transactional leaders use various approaches, but all rest on reward, punishment or self-interests. Transformational leaders appeal to the collective interests of a group or organization, and transactional leaders rely on various individual interests (Nye, 2008, p. 62).

The work here identifies ‘transactional leaders’ as those working to maintain the status quo through effective or ineffective dealings that are commonly accepted and embedded in the system. Transactional behaviour does not deviate significantly from an accepted norm of the roles and responsibilities within the structure of the administrative-executor.

Conversely, ‘transformational actions’ are those actions that seek to change the status quo. They often embrace new and innovative partnerships and dealings and are not confined by the accepted structures within which they operate. As Nye’s work (2008) focuses on transformational political leadership, it is well placed to inform the argument presented here: in particular, whether combinations of transactional versus transformational behaviour have a different impact when combined with either the legislative-activist structure or the administrative-executor structure of local government.

3.2 Approach

The research involved personal interviews with local elected officials across four London Boroughs between 2012 and 2014. Three of boroughs are included in the

case study conducted in Chapter 5. In addition to 14 local councillors, the Member of Parliament for East London, Stephen Timms was also interviewed. Five councillors were from Hackney, five were from Barking & Dagenham, three from Tower Hamlets and one from the neighbouring borough of Newham. Twelve councillors were from the Labour party, one councillor was a Conservative and one was a member of the Tower Hamlets First party (at the time of the interviews). The UK Electoral Commission removed the Tower Hamlets First party from the recognised list of political parties in 2015. Councillor Oliur Rahman in Tower Hamlets was also the acting mayor for one month during the course of the research. It was difficult to attain interviews with the local councillors of all parties, but especially among the Tower Hamlets First Party members. Related to agency, councillors were questioned regarding their background and motivation to participate in local politics and whom they feel they represent in carrying out their work – their local ward, the borough, the nation or a commitment to a broader set of ideals. In terms of local structures, the councillors were asked about how they participated internationally or on the global stage; and how the local council structure and leadership supported and facilitated these types of activities. The councillor's responses were then measured against the categories of whether the local elected official's behaviour indicated transactional or transformational activity and how the structure of the local government either inhibited or facilitated their activity; to thus categorise the boroughs as having administrative-executor structure or legislative-activist structure. A dyadic framework was then constructed to represent the pairing of structure and agency.

The traditional model of local government is to have an administrative-executor structure and a transactional form of agency among the local elected officials. These designations were used as the baseline for the research when scoring structure and agency. The traditional administrative-executor structure and the transactional form of agency is therefore analogous with a low level of global fluency. The rating for structure and agency was applied by scoring the councillors along Clark and Moonen's (2013) *The ten traits of globally fluent metro areas*. A scale of zero to three was used depending on the view of the researcher as to whether the councillor had no awareness of external or global activities beyond the

local border (a zero); a one if they had some awareness of global activities but no engagement; a two if they were working to position the borough for participation in a global economy; and finally a three if they were actively engaging their borough in global economic activity. In this research, both transformational agency and a high level of global fluency are inextricably linked. Similarly, structure was scored on a scale of zero to three, from having no structures or leadership facilitation of global activities to a council structure that fully supports and encourages global work. A higher level of structural global fluency equates to a more legislative-activist structure. The results were then compared across the three case study boroughs. If the average score for agency was above a two, the councillor was deemed to be transformational and more globally fluent. Similarly for structure, a two or above indicated a legislative-activist model of local government and a high level of global fluency.

3.3 New Research: Global Fluency - Beyond Structure and Agency

A number of local governments have shifted their internal configurations from being structurally administrative-executor with an agency of transaction, to a legislative-activist structure with transformational agency to facilitate these activities and to seek local growth from a global market. This research suggests that this dyadic shift may be the quintessential formula that enables globally fluent cities to become economically stronger and more independent. Three questions are considered that relate to the role of local elected officials, as transformational leaders within a legislative-activist structure, who are seeking to position their areas as globally fluent and economically more independent and stable.

What are they doing? A number of local elected officials have taken advantage of the legislative-activist structure to access the global stage to engage in various activities, two of which are examined here. In one instance, the local elected officials act as individuals on the global stage, empowered to act on behalf of their area. In the second instance, they act as part of a global network of cities or organisations that seek a collective benefit for local areas while acting outside central government.

Why are they doing this? Particularly at the local level, there are varying reasons for becoming a local councillor, which many would consider as the ultimate ‘bottom of the political barrel’ with little monetary and personal rewards. What then might motivate a local councillor to take a (big) step further and seek to influence and change an embedded system of government processes by connecting the local government to another level of global complexity? The responses are as varied and individual as politicians are themselves.

Who are they doing this for? Polling numbers from both the US and UK indicate that trust in central government is at an all-time low while trust in local government remains steady (Gallup, 2012, 2013; Ipsos Mori, 2012; LGA 2012). The question of whom a local elected official represents when they take to the global stage is reflective of the trust issue. They could be reacting to interest from multiple stakeholders: pressure emanating from local constituents, the business community, or party allegiances; or they may be driven by a personal idealistic interest in representing innovation and ideas at a level outside or above geographic borders.

In pursuing these questions, the research considers whether local governments have shifted their internal configurations from being structurally administrative-executors with an agency of transaction, to a legislative-activist structure with transformational agency to facilitate these activities and seek local growth from a global market.

Global Fluency, as applied to international metropolitan areas such as New York, London, and Tokyo and their surrounding areas, is a term coined in the recent work of Clark and Moonen, *The ten traits of globally fluent metro areas* (2013). They define global fluency as ‘the level of global understanding, competence, practice, and reach a metropolitan area exhibits in an increasingly interconnected world economy’ (p. 9). They describe how globally fluent metropolitan areas (which can be used interchangeably with the term ‘global cities’) use the tools of globalisation to their own local benefit and therefore are better able to position their local area for growth in the global economy. These in turn mitigate the challenges of periodic local economic recession and decrease their reliance on central government. Some local areas are exhibiting traits of a legislative-activist structure of local government, which enables the transformational leader to act globally. However, even with the

structure in place, it requires active transformational leaders to implement a local-global connection. In other words, when a legislative-activist structure is enabled, not all leaders will have the capacity to take advantage of the system. It is only with an active transformational local leader that a local area will be able to pursue the traits of global fluency.

Clark and Moonen (2013) refer to three stages of progression to global fluency:

1. 'Globally Aware' - an understanding of the workings of the global economy but a lack of momentum and of understanding towards integration of the local economies connection to the global
2. 'Globally Oriented' - an understanding of the connection between the local and global economy, with efforts across various stakeholders and sectors to position the local economy for growth
3. 'Globally Fluent' - full integration of the local economy as a participant in the global economy in which the area skillfully navigates the challenges and opportunities of a global market for the benefit of the local area

A globally fluent area is one which exhibits several of Clark and Moonen's 'Ten Traits', which are listed in Figure 1 alongside what the research perceives as how the transformational leader achieves the result. Clark and Moonen point out that it is not necessary to have all ten traits; however, a critical number of these traits are required to gain global fluency.

Figure 1: *The ten traits of globally fluent metro areas* and the intersection with legislative-activist structure and transformational agency in the research

	<i>The ten traits of globally fluent metro areas</i> (Clark and Moonen, 2013, pp. 4-5)	Intersection with dyadic framework of structure and agency:
1	Leadership with a Worldview – 'Local leadership networks with a global outlook have great potential for impact on the global fluency of a metropolitan area'.	Structure: interest in global issues is supported by the local government framework, driven by local government leadership and embedded as an accepted practice within local government. Agency: local elected official are interested and involved in activities at the global level.

	<i>The ten traits of globally fluent metro areas</i> (Clark and Moonen, 2013, pp. 4-5)	Intersection with dyadic framework of structure and agency:
2	Legacy of Global Orientation – ‘Due to their location, size, and history, certain cities were naturally oriented toward global interaction at an early stage, giving them a first mover advantage’.	Structure: planning and implementing economic development opportunities which align to that of the global city. Agency: transformational leaders see potential and opportunities in location, for example local areas of a global city and how to position themselves to take advantage.
3	Specialisations with Global Reach – ‘Cities often establish their initial global position through a distinct economic specialisation, leveraging it as a platform for diversification’.	Structure: detailed plans of an area of specialisation that connects the local economy to the global economy in new economic sectors. Agency: transformational leaders are able to take up the burden of determining an area’s economic drivers and connection to the global economy without support and direction from central government.
4	Adaptability to Global Dynamics – ‘Cities that sustain their market positions are able to adjust to each new cycle of global change’.	Structure: the ability to overcome significant periods of change of both a domestic and foreign impact on local economics. Agency: transformational leaders with the flexibility and capacity to change course as the economic climate dictates.
5	Culture of Knowledge and Innovation – ‘In an increasingly knowledge-driven world, positive development in the global economy requires high levels of human capital to generate new ideas, methods, products, and technologies’.	Structure: the borough’s demographics in education attainment levels, employment statistics and workforce readiness for global economic sectors. Agency: transformational leaders understand that the global economy is inextricably tied to a knowledge economy and they seek ways to build this capacity within their area.
6	Opportunity and Appeal to the World - ‘Metropolitan areas that are appealing, open, and opportunity-rich serve as magnets for attracting people and firms from around the world’.	Structure: policies that create appeal both in entrepreneurship and tourism; attention to and investment in business support mechanisms for new economic sectors. Agency: transformational leaders understanding the nuances of marketing on the global stage through the skills of influence and attraction.
7	International Connectivity – ‘Global relevance requires global reach that efficiently connects people and goods to international markets through well-designed, modern infrastructure’.	Structure: building up of the local infrastructure that helps to connect people and businesses internationally; improving transport links and accessibility. Agency: transformational leaders prioritise the local connectivity in an effort to draw international business to the area; understanding and replicating best practices from other global cities for connectivity.

	<i>The ten traits of globally fluent metro areas</i> (Clark and Moonen, 2013, pp. 4-5)	Intersection with dyadic framework of structure and agency:
8	Ability to Secure Investment for Strategic Priorities – ‘Attracting investment from a wide variety of domestic and international sources is decisive in enabling metropolitan areas to effectively pursue new growth strategies’.	Structure: policies encouraging engagement in innovative and collaborative partnerships, locally and internationally; working towards demographics indicating a healthy mix of small medium and large business interests. Agency: transformational leaders are dynamic and seek to influence investors on the global stage; they feel empowered to negotiate on behalf of the local area to devise a business framework which might not be traditional but is beneficial for all parties.
9	Government as Global Enabler – ‘National, state, and local governments have unique and complementary roles to play in enabling firms and metropolitan areas to ‘go global’.	Structure: policies based on a modus operandi of letting central government manage strategic initiatives while local government creates tangible economic connections between local and global entities. Agency: local transformational leaders feel that national (central) government is ‘in the way’ of local-global economic development and work outside of the central government framework to build collaborative local and global partnerships and economic connections .
10	Compelling Global Identity – ‘Cities must establish an appealing global identity and relevance in international markets not only to sell the city, but also to shape and build the region around a common purpose’.	Structure: the legislative-activist model opens up government using governance to connect disparate sectors with a bottom up approach, for example policies supporting ethnic entrepreneurs with global networks; developing a brand that has global reach and the ability to attract both people and business to the area. Agency: transformational leaders working globally to establish the local brand and encourage local global business connections and knowledge sharing.

By looking at the intersection with the traits of global fluency alongside the activities within the dyadic framework, it is possible to demonstrate how local areas may progress from globally aware to globally fluent. Those that are at the globally aware phase may have begun the transition from an administrative-executor structure to one of legislative-activist or they may have shifted agency from transactional to transformative; however, without both transitions, they will lack momentum to become globally oriented or fluent. Local areas that present as globally oriented may have begun to make the shift along both lines of structure and agency but are still in the early stages; they have made the connections but have yet

to fully enact the activities. While perhaps not achieving all ten, those that have attained a critical number are most likely to have fully integrated the transition to a legislative-activist structure carried out by transformational leaders.

3.3.1 Structure & Global Fluency: New Activities

To fill a gap in resources and economic growth left by the shift from a welfare to competition state, some cities and areas have shifted their internal configurations from being structurally administrative-executors with an agency of transaction, to one of a legislative-activist structure with transformational agency. They have undertaken this action through creating new multi-stakeholder integrated partnerships beyond traditional local or national public-private arrangements. These new activities and forms of partnerships open up conduits for local delivery of services beyond the central government to local government-dependent system. Consequently, an increasing number of local elected officials, mayors, councillors and other local representatives are seeking the global stage for solutions to local issues. From the lens of structure, the shift can be from administrative-executors, who administer local policy and execute national directives on the local level, to legislative-activists who actively lobby at multiple levels including global, and with multiple partners, to stimulate local economic growth. Concomitantly, the activity is explained through agency and represented as a shift from transactional to transformational. Transformational local leaders are then engaging on the global stage as legislative activists, in a shift from the previous structural arrangement of city and local government as administrative-executors focused solely on local policy-making and constituent service.

As local elected officials have been democratically elected, albeit at the lowest level of government, they carry a level of legitimacy when they interact with foreign representatives and undertake policy decisions for localities with national and international implications. They are engaging in these activities in two ways:

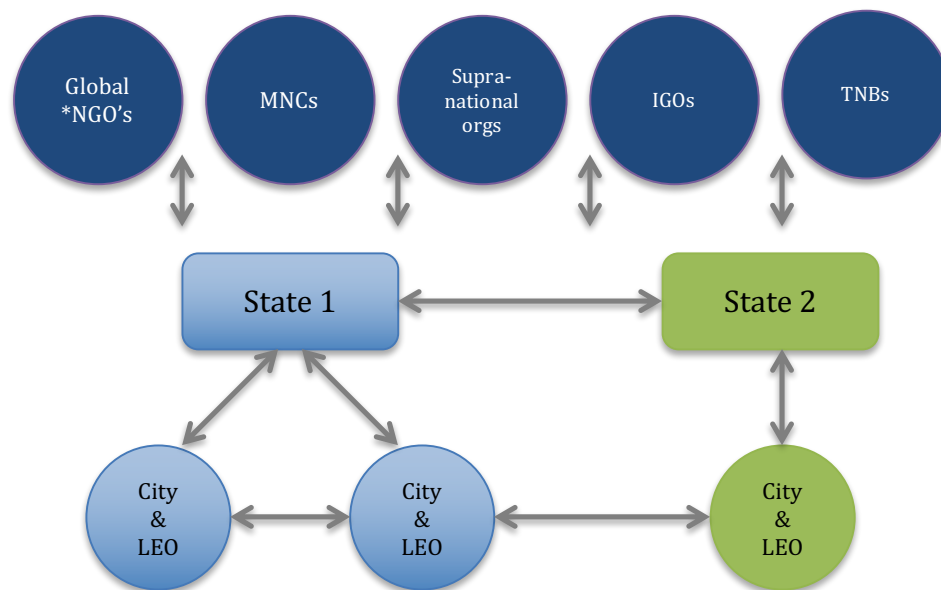
1. Individual elected officials are independently empowered to take to the global stage and promote their areas and issues through interaction with world leaders, heads of state and global corporations.

2. Groups of international local elected officials are forming global networks to tackle crises or policy issues that they feel their respective central governments are not addressing.

The retreat of the welfare state and retrenchment of local authorities can manifest itself at the local level as a shift from government to governance. It is the shift to governance, enabled by a legislative-activist structure, which facilitates the activities of the transformational local leader on the global stage.

Structures at the local level have changed which, in turn, act as a catalyst for a change in agency. The two are interdependent and the current activities cannot be explained through one lens alone. Activities of transactional local elected officials are bound and restricted by the structures within which they operate. The role of local government was previously well-defined as a service delivery agent for national and local programmes, and as an administrator of local ordinances with limited scope including the health and safety of its constituents, in terms of local advocacy or maintenance of local roads and rubbish collection. Activities at the local level were marginalised in most instances to structure-to-structure activity within a hierarchy. These interactions were primarily between state and local government to carry out the prescribed work or activities, which were city to other domestic cities or city to foreign city for the purpose of marketing, trade and cultural twinning. Furthermore, at the international level, relations were conducted through both structure and agency between states. In the current manifestation of the phenomenon, a complexity of layers and activities is revealed that are between city and state structures, local individuals, networks and state and global structures as well as local individual to global individuals. The changes in structure are represented in Figures 2 and 3.

Figure 2: Structure with Agency in a traditional system: limited to traditional International Relations (IR); representative of administrative-executor structure and transactional agency

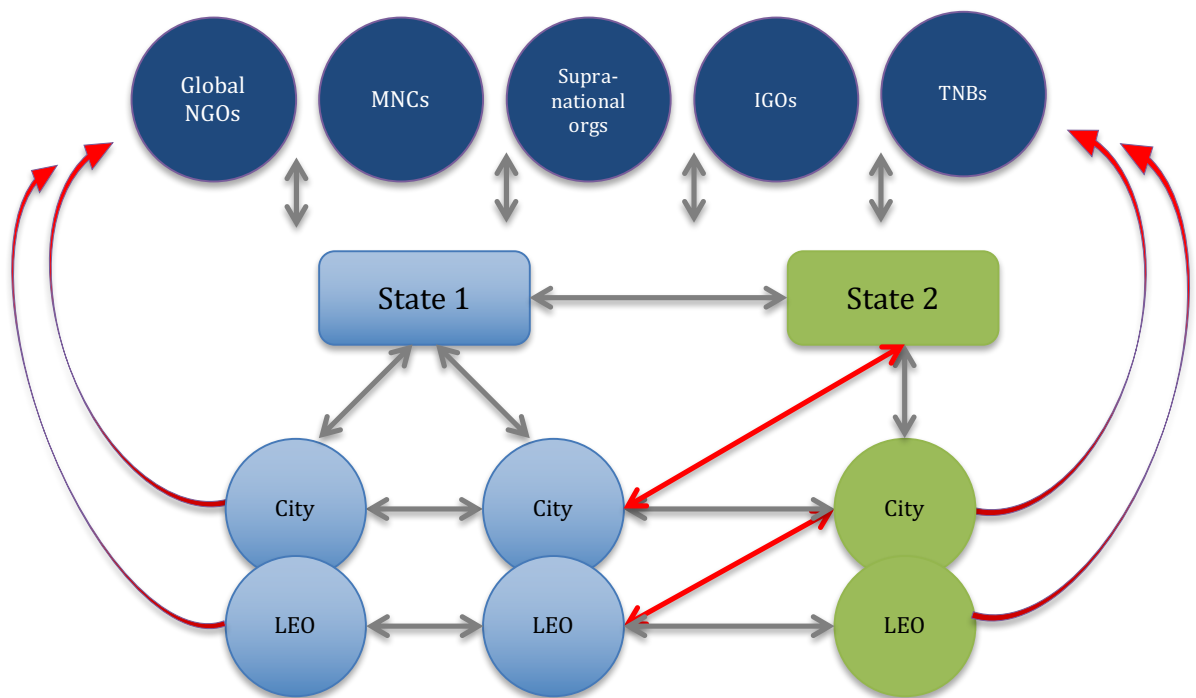


*LEO – Local Elected Official, NGO – Non-Governmental Organisation, MNC – Multinational Company, IGO – Intergovernmental Organisation, TNB – Transnational Banks.

The model represented in Figure 2 is the traditional structure (administrative-executor) and agency (transactional). The city and the local elected official act together through the existing hierarchical structure to engage in actions with their nation-state, and between domestic and foreign cities. The activity between cities is generally limited to marketing, tourism and trade on a small scale. In this structure, the city and the local elected official do not act independently of one another.

In the second model, represented by Figure 3, the city or the elected official can act independently of one another, outside the hierarchical structure, as a result of the combination of a legislative-activist structure empowering or empowered by transformational agency.

Figure 3: Beyond Structure and Agency: multiple complex interactions of both cities and local elected officials whilst maintain traditional IR between states; representative of legislative-activist structure and transformational agency



In November 2012, Julian Castro, Mayor of San Antonio, Texas, on a UK tour with a group of businessmen to promote San Antonio to the global market, spoke to a packed house at the London School of Economics. As Figure 2 shows, it is not unusual or original for city leaders to meet and negotiate business deals or partnerships or to travel abroad in promotion of their areas. Indeed, under the Westphalian system of sovereign nation-states, the arrangement of twinning cities has occurred for nearly two hundred years. The difference in the current climate of competition and globalisation is an aggressive and frequent presence of local elected officials on the global stage. These local elected officials are now acting in an official role in diplomacy, global policy and finance and influencing a broad range of activities with international implications previously reserved for nation-state representatives.

While Mayor Castro was in London, in addition to encouraging city-to-city business deals between London and San Antonio, he also engaged in several high level meetings at 10 Downing Street including private meetings with the Chancellor of the Exchequer (Treasury Secretary) and the Foreign Secretary; activities more

accurately represented by Figure 3. 'Responding to comments that he had extraordinary access to the UK's top leaders, Castro said he's determined to use every bit of political capital he's garnered, much of it coming from his appearance as the first Latino to give a keynote address at a Democratic National Convention, to sell the city' (Baugh, 2012).

The role of city government and local elected officials has gone from a structural arrangement of an administrative-executor focused on local policy-making and constituent service to one based on agency requiring legislative-activism, manifesting itself as transformational leadership involving global engagement. The transformational local leader is driven to influence policies related to national or global policy-making, thus impacting on their areas as well as feeling empowered to act as a direct participant and negotiator with other state and non-state actors on the global stage. 'Globalization does not mean that elites carry on as before, but that local leaders build alliances with businesses; think of new local solutions to policy problems, behave like entrepreneurs, abandon long held political shibboleths and link to higher level organizations to acquire resources' (John, 2001, p. 10).

Councillor Guy Nicholson, Hackney's Cabinet Member for Regeneration, said that central government is 'conspicuous in its absence in lack of providing direction or agenda' for economic development, and that local government has a far better grasp on the complexities of the interactions needed at the global level that can best influence local growth (2013a). Nicholson is not looking for central government to provide assistance, or make connections. He believes Hackney is in a position to act globally. Central government should maintain a focus on strategic international relations and debates, for example issues of war or human rights, but at the local level it needs to "get out of the way and let local areas build a global-local economy without their imposing environment". Nicholson recently posted his views in an opinion piece in the Guardian newspaper; without apology for working outside the traditional boundaries of the administrative-executor tactic, he wrote 'Our approach to growth in east London is to use local government and the business community, which is led by SMEs, to generate social and economic prosperity. If this means engaging in foreign travel to expand our reputation and generate trade, so be it' (Nicholson, 2013b).

Member of Parliament, Stephen Timms, disagrees that local elected officials can have any significant impact in these types of activities without the added benefit of a local structure that will enforce and enable the activity. His view is that individual councillors do not have the ability to influence without the power of the traditional institution to enforce their actions: "I think that is more effectively done by the institution which is the local planning authority, the local council, rather than an individual, because I am not sure an individual councillor on their own can do it, unless they have got the stick of planning permission or something else which the local authority can bring to bear" (Timms, personal communication, 2012). His views suggest that he places great emphasis on the ability of the institution to affect change, although in a London borough like Newham with an elected mayor, little innovative change has occurred in the last 15 years. In other boroughs like Hackney (also with an elected mayor), local elected officials are taking it upon themselves to branch out globally and affect change. Their actions have been evidenced by the growth of local industry connected to the global marketplace in fashion and technology. 'Despite (or possibly because of) the growing constraints on local authorities, initiative and innovation flourish. It is no longer assumed that local authorities can only act through direct service provision. Local authorities are learning [new] ways of governing in a turbulent environment' (Stewart, 1986, p. 32).

Local elected officials on the global stage feel they are imbued with a sense of empowerment that gives them the right to be there and to engage in these activities. In Hackney, Councillor McShane (2012) discusses how the taps for funding to local government were turned off under the Thatcher years, 1980-1990, and then back on again under the Blair years, 1997-2007. After an undisciplined time of local spending, Hackney essentially went broke and is only now, post 2010, coming out of emergency administration. Hackney has chosen to retreat back to a set of core services but local elected officials are simultaneously pursuing another route leading directly to the global market for investment in Hackney. Councillor Nicholson (Nicholson, 2013a) explains that although Hackney was recently in emergency administration, he feels justified spending city money on ventures into the global market, taking large delegations to global meetings and multinational business and networking events. He contends that central government is obstructive and needs

to let local government participate directly in global activities with cities, governments, global organisations and companies so they can affect their own recovery. Nicholson feels that economic recovery, even recovery from emergency management, is best handled by local elected officials who understand the nuances of creating innovation across business, social and cultural communities from local to global. In response to critics of Hackney's recent global activities, on a trip to Austin, Texas, Nicholson said:

This is an established global event bringing more than 250,000 people together from across the arts, sciences and humanities in a programme of exchange, networking, brokerage and trade. It's the Davos equivalent for innovation and tech. I don't have any qualms about Hackney Council's role in this venture. We are supporting collaboration and drawing on local strengths to pursue a set of common objectives, as well as showcasing some of the UK's most exciting businesses. This is what strong local government can excel at (2013b).

Local elected officials, in addition to feeling empowered to act independently on the global stage to affect local change, are also forming networks with their peers globally to address global issues with significant local impact, for example the economy, security and climate change. These activities occur outside the traditional structures of local or central government. 'The stable institutional structures that governed western localities have been replaced by more changeable and shifting networks' (John and Cole, 1999, p. 99).

In 2012, Mayor Bloomberg of New York laid out the pragmatic argument: 'We're the level of government closest to the majority of the world's people. We're directly responsible for their well-being and their futures. So while nations talk, but too often drag their heels – cities act' (New York City Office of the Mayor, 2012). Benjamin (2013a), in advocating for a 'global parliament of mayors' with formal powers, emphasises that these activities are not operating on the theoretical level. Local elected officials, functioning on the global stage, are interacting with each other, foreign counterparts, foreign leaders and multinational corporations. In this approach where local elected officials form global networks to tackle international crises or policy issues, the agreements or decisions they reach or actions they seek to undertake may exceed the commitments of their respective nation-states.

The rise of global cities as interdependent networks enmeshed in globalisation is well documented in the literature, particularly as it relates to international trade, finance, technology and issues of labour and migration (Cerny, 2010b; Sassen, 1991, 2000, 2001; Brenner, 1998; Knox and Taylor, 1995; Friedmann and Wolff, 1982). The system of interdependence continues to expand so that local elected officials are now using the model to stimulate action on global issues that have a considerable impact on local growth and general well being. These local issues have lacked in progress by the nation-state. At times, the agreements to which they sign up can achieve more than the nation-states were able to accomplish individually. In particular, issues including terrorism and security, food, health (including the threat of pandemics), and climate change are being addressed at the global level by networks of local elected officials from cities both big and small. 'As cities seek to make progress in areas of greatest concern to their mayors and constituents, they have formed or strengthened networks that enable them to cooperate internationally often independently of their national governments' (Freeman, 2013). At the global level, institutions, activists and issue leaders indicate that nation-states are too bound by rules, protocol and bureaucracy to engage in any activities that can have an impact significant enough to address the issues. There is a sense of cities becoming the new institutions with the knowledge and leadership to tackle the issues and share the learning to impact change. Mexico City Mayor Ebrard further made the case for global knowledge sharing: "Mayors and urban leaders are on the frontline of the planet's fight against a changing climate. The world's cities must join together and put their data in the same pot" (2010).

The changing role of cities and city leaders in these activities is conveyed by Acuto and Khanna (2013) stating: 'From climate change to economic growth to counter-terrorism, cities and city leaders are demonstrating their growing assertiveness as autonomous diplomatic units'. One clear example lies in a recent string of agreements between global cities and their elected local officials to engage in an aggressive set of actions to combat global climate change that go beyond the International Kyoto Treaty which did not win unanimous agreement amongst participating nations (ICLEI, 2012; Lef`Evre and Wemaere, 2009; Lee and Koski, 2012; Krause, 2011; Okereke, Bulkeley and Schroeder, 2009). The implication is that the

global battle for climate change is no longer relegated to foreign relations or 'green' activists, but that agreements and action are being taken at multiple levels of government and within both international and inter-city networks. At the December 2012 Doha Climate Change Conference, a new tack was pursued to achieve greater impact in the global battle against climate change. In order to extend the Kyoto Treaty and to move towards achieving some of its objectives, local cities and regions were enlisted to 'sign up' and work towards the goals laid out within the agreement. Two examples of how a global issue impacts on a city are the smog that covered Beijing during the 2008 Olympics and that affected the daily rush hour in Los Angeles. The International Council for Local Environmental Initiatives states:

ICLEI strongly believes in the potential of local governments to pave the way towards the achievement of the Doha Gateway. In Doha, local governments demonstrated progress on the implementation of global climate initiatives like Mexico City Pact and Durban Adaptation Charter. Recent statistics from carbon-n Cities Climate Registry, the world's largest database on local climate action that 232 cities from 25 countries representing 235 million inhabitants have reported 557 energy and climate commitments (2012).

Regardless of signing up to the Kyoto Treaty, many cities (including Vancouver, Sydney, Seattle and Toronto) have made commitments and achieved results that exceed those of their respective nations on climate change (Acuto and Khanna, 2013).

If you look at the attempts to follow up Kyoto at Copenhagen and Rio, the bad news was that about 180 nations showed up to explain why their sovereignty did not permit them to do anything. The good news, however, was that mayors were convening as well as heads of state. They stayed on, signed protocols and took action. You can take it a step further. It turns out that about 80 percent of all energy is used in cities and 80 percent of global carbon emissions come from cities with more than 50,000 people. Therefore, if cities take strong measures – as well as Amsterdam, Los Angeles cleaned up its port and reduced carbon emissions by 30 percent to 40 percent - they will have a profound effect. Even if the US and China do nothing, cities can have a big role to play in fixing the problem. It's not just a theoretical thing (Barber, 2012).

On the issue of global-local security, the New York Police Department Counter Terrorism Unit provides a good illustration. The Unit acts in the same

capacity as national intelligence and espionage agencies but does so for safety and security on the local city level. The officers involved in the Unit experience unprecedented access to foreign intelligence including access to foreign prisoners. As revealed in the New Yorker Magazine:

Frustrated by the lack of help from Washington, police commissioner Ray Kelly has created his own versions of the CIA and the FBI within the department. There are now New York City police officers stationed in London working with New Scotland Yard; in Lyons at the headquarters of Interpol; and in Hamburg, Tel Aviv, and Toronto. There are also two cops on assignment at FBI headquarters in Washington, and New York detectives have traveled to Afghanistan, Egypt, Yemen, Pakistan, and the military's prison at Guantánamo Bay in Cuba to conduct interrogations (Horowitz, 2003).

The New York Police Department felt that they were not receiving the level of detail and the type of intelligence that would assist them in thwarting future attacks on the city. There was a general sentiment that the nation-state was still not in a position to overcome the various disconnects between national intelligence agencies and international intelligence-sharing which led to the 9/11 attacks in 2001. New York's solution was to create its own international intelligence unit that would work on the global level for the benefit of the local area. In an interview with New York Magazine, NY Police Commissioner Ray Kelly said, "I knew we couldn't rely on the federal government. We're doing all the things we're doing because the federal government isn't doing them. It's not enough to say it's their job if the job isn't being done" (Horowitz, 2003). In fact, the NYPD Counter Terrorism Unit has become so effective that the Federal government sends agents to train with it rather than the other way around (Horowitz, 2003). The fact that other nations are cooperating with the New York Police in this endeavour and providing a high degree of information and access indicates a significant structural shift and level of acceptance of local resources to affect a global issue.

The trend of local elected officials responding to global crises and critical issues, alongside operating on the global stage to promote themselves and their areas, suggests that this will increase in the near future. Those transformational leaders who are willing to look outside the nation-state box, recognising there is no

other alternative, will continue to use the global stage along with international technology, media fronts and networks; they will use the power of the individual elected official pulpit to form relationships, gain access, and influence global policy, leaders and institutions (Freeman, 2013).

3.3.2 Agency & Global Fluency: Motivation

The retreat of the welfare state and shrinking of local budgets have increased localisation and de-centralisation, and the pervasive rise of the competition state has left gaping economic voids at the local level (Held, 1999; Held and McGrew, 2003, Krugman and Venables, 1995; Stiglitz, 2002, 2006, 2012; United Nations, 2005, 2011). Transformational local leaders are stepping into these voids, perhaps because they have no choice: 'The reason that would-be leaders are always ready to try their hand at ruling seems to be because they have little other choice... any vacuum in leadership seems to unleash powerful social and biological forces within potential candidates to ensure that any power void will not exist for too long' (Ludwig, 2002, p. 13). Local transformational elected officials are being buoyed in their efforts by a growing distrust of central government.

There are many reasons for choosing to run for local office. Local politicians may be motivated by an issue that has an impact on their daily life which they seek to improve, such as children's services (because they are a teacher, social worker or parent), local business issues (because they are a local business person), or crime (as it affects their own neighbourhood). There may be a family tradition of political engagement or simply an interest and ambition towards public service. There may also be the self-serving interests of power, financial (or other) incentives or interest in rising to higher office. However, what this research seeks to understand is not what compels an individual to seek a local elected office but why, once in local office, they may feel empowered to work on both local and global levels. Any of the areas identified above can be the motivation of transaction or transformational leaders. However, the purpose here is to consider the motivation for a local elected official to act in a way that breaks from past protocol or process, thus leaving or rejecting the traditional transactional behaviour of local elected officials and adopting 'out-of-the-

box' transformational activity beyond the local arena.

Through this research, two reasons were identified that indicate why local elected officials feel empowered to take to the global stage; however, they are not necessarily mutually exclusive. Firstly, an individual's action appears to be based on a personal political agenda, related to party or higher level-office, in which they have a drive toward a lifetime career as a politician or as a stalwart party supporter; or secondly, they may be influenced by a public service agenda where individuals or groups are seeking multiple solutions at multiple levels to address serious economic grievances at the local level. It appears that both paths are induced by a vacuum of leadership and diminished resources left by central government's imposition of the competition state in local areas.

The political agenda scenario, already alluded to, is the local elected official raising their profile to seek higher, frequently national, office. In most cases where this has been encountered, the elected official has a genuine interest in serving the local constituents and helping the local economy to thrive; however, they also know that in doing so they are clearing a path for rising within the party and through the political ranks.

When Julian Castro led the delegation of San Antonio businessmen to London in 2012 to promote regional cross investment:

Castro told British government and business leaders Monday that he brought a trade delegation to the United Kingdom to ensure that San Antonio finds itself "on their radar screen." But it appears that San Antonio is already more than a blip — and it's Castro who has helped raise the city's profile. [George] Osborne said his country has been impressed by the Castro administration (Baugh, 2012).

Although the discussion during the private meetings is not fully known, the access alone that was given to Castro suggests a level of influence and power. Julian Castro is considered a 'rising star' within the US Democratic Party and has taken to the national stage as the keynote speaker at the 2012 Democratic National Convention to nominate Barack Obama as the party's candidate for President. While promoting his representative area on the global stage, without doubt Castro was raising his own profile as an international political player. During his trip to the UK,

Castro posted pictures on social media of his visit to 10 Downing Street. In doing so, he is demonstrating to not only his own constituency but also a broader audience that he has access to global leaders. In this instance, Castro was using his global efforts in two ways; helping to increase the economic growth of his local area while simultaneously raising his own political profile at a national and international level.

In the UK, in smaller cities and metropolitan boroughs, the motivation for seeking the global stage is not only limited to someone seeking higher office, but might also be influenced by a steadfast commitment to support their party's fight for national office. 'Party elites control most decisions in large English local authorities, structuring policy outputs, largely because local parties still have control over the selection of candidates and promotion' (John, 2013, p. 8). However, the second motivation of an altruistic commitment to public service and a broader commitment to global innovation in ideas is also prevalent. For example, Councillor Jonathan McShane in the London Borough of Hackney strongly demonstrated an altruistic motivation for acting in concert with global activities. He also indicated that he has no intentions to seek higher office, although some elected officials maintain this line until they make a final decision to run for higher office. The McShane family also has strong party ties to Labour as Councillor McShane's brother, Chris McShane, was a top advisor in the Blair administration. Regardless, this research indicates that for transformational local elected officials, the pull of higher office in political parties is a strong motivator.

Analysing the effectiveness and impact of the political leader in the UK system since the Local Government Act 2000 has shown 'this change is most marked in the metropolitan borough councils that have seen an increase in the proportion of councils giving their leaders more power' (Gains *et al.*, 2009, p. 81). This research finds that where a shift has been made towards a more legislative-activist structure (thus rejecting an administrative-executor structure), the leadership is able to accomplish more in terms of seeking external economic development focused towards the borough and, in turn, may receive higher confidence ratings from constituents. Furthermore, a '...strong and stable political leadership emerges as a warrantable and vital element in achieving more effective governance: leadership, and institutional form that supports leadership, does make a difference' (Gains *et al.*,

2009, p. 91). This form of motivation is also echoed in whom the local elected official feels they represent (their party, their local area, their nation, or themselves) and conversely in whom a constituency wants to represent them.

In UK local boroughs and small cities, few councils have opted for the local elected mayor structure. In Greater London, five boroughs have opted for an elected mayor (including the flagship post of Mayor of London) rather than a leader and cabinet structure. As of 2014, there are a total of 15 elected mayors across all of England. In the case study chapter (Chapter 6), some initial conclusions are drawn after examination of boroughs which have either the structure of the elected mayor or that of the traditional council-manager. John (2013) contends that power in the UK lies in becoming a major player within the political party rather than working up through local government. 'There were few mayors elected, partly from the lack of enthusiasm from within local government, and the cabinets that have come to dominate local government largely extend and formalise the party elite systems of political management...' (John, 2013, pp. 18-19).

In the second scenario of overall motivation, where local elected officials reach out individually or within networks to address local issues, there is research which supports the idea of multi-level governance (Bache and Flinders, 2004; Baker, Hudson and Woodward, 2005; Hooghe and Marks, 1996; Hooghe and Marks, 2001; Marks, 1996) and transnational neopluralism (Cerny, 1990, 2010; Mcfarland, 2004; Wade, 2009) as a pathways to the global stage for local cities and areas. Marks, Nielsen, Ray and Salks (1996) researched whether there was any significant increase in the number of established permanent offices in Brussels for local areas in order to influence and lobby the EU political process. As they point out, the EU is designed as a state-centred system with formal representation and activities only ascribed to those member states and their official representatives and yet the level of activity of local areas has continued to increase. With 286 local areas officially registered as 'lobbyist' within the EU transparency ledger (Ec.europa.eu, 2014), Marks (*et al.*, 1996, pp. 164-192) argues that the motivation is not based on the slim possibility of small amounts of funding coming to the local areas from the EU, but is in fact motivated more by information sharing which local areas feel will be of benefit in tackling local issues. While local areas should be lobbying their central government

for local issues, they are now seeking to 'increase their options' by diversifying their efforts across national, international and global fronts. The benefit has been felt both ways. The EU uses the local areas as a resource for informational-gathering that expands their knowledge beyond the sometimes limited and measured information shared by central governments. Local areas then gain access to, and a level of influence in, EU issues, and they attempt to have their own voice heard outside of central government. In this way, local areas may also avoid the strict protocols and infighting that can sometimes occur and which can stall talks between member states. Councillor Guy Nicholson, Hackney's Cabinet member for Regeneration, said that local government and local councillors need to be "confident enough to enable and participate" in global activities to foster growth of a local economic community (Nicholson, 2013a).

Whether necessity is the motivator or the catalyst, local elected officials are working at multiple levels of government and attempting to re-align local economies with the global economy as both a form of diversification and last resort in a global competition economy.

3.3.3 Agency & Global Fluency: Representation

Similar to the different motivation expressed by a person running for local office, a local elected official may point to several interest groups to demonstrate whom they feel they represent. However, the question considered here is not simply whom do they represent, but whom do they feel they are representing when they are on the global stage?

In this research, four types of local councillors are identified to help explain 'representation', based on their desire to act either on the local level or jointly on both the local and the global level: the public servant, the party loyalist, the nationalist and the idealist. From a public servant perspective at the most basic level, one option is that local elected officials believe they are representing the interests of the voters in a specific ward, or at borough-level, who placed them in office. In this case, the local elected official attempts to be responsive to basic needs and services in line with the administrative-executor structure and by operating

within a transactional style. In the interviews conducted for this research, the public servant who only sought to represent the constituents in their ward or borough did not usually look beyond national government but worked hard to maintain the status quo. They were usually committed individuals with a love or deep interest in 'taking care' of their fellow citizen, yet they worked within a narrow range of options to address their issues. Similarly the party loyalist, who sees himself as representing the interests of the Political Party, also works hard to maintain the image of the party in a positive light with local constituents, or at least with local voters. He or she sees this as 'paying dues' if they wish to rise in the party ranks, or simply as closing ranks around a geographic stronghold if they are a stalwart elected local party official. If it is beneficial for the party that the local elected official works at the local and global level, he or she will do what is required of them to serve the party. The focus of the party loyalist is a more inward-facing role and does not readily seek the global stage unless there is a benefit for the party overall; in which case the activity is most likely carried out by someone higher up the party hierarchy, possibly in a position of power at the national level.

There are two additional categories that were frequently found among those elected officials who were engaging in global activities: the nationalist and the idealist. The local elected official who is a nationalist sees their role, and whom they represent, in broader terms. They feel that what they do, and the issues they pursue for their local area, can help the country as a whole to recover economically. In the interviews, they held up their activities as examples of innovation in economic development that could be emulated by other areas and the nation. For example, in the town of Woking in Surrey, energy consumption was cut by nearly 50% by an aggressive and innovative multipronged approach to alternative energy measures. The Mayor of London then poached the head of this programme to pave the way for implementation of similar programmes in the capital, which is responsible for a large portion of the overall Co2 emissions in England (Muir, 2005).

The idealist has similar feelings and motivation but on a broader scale. They are not limited to the influence of their 'good works' simply being of benefit to a local area or country but as addressing issues at a higher level, thus tackling issues with global impact. Their innovations are held up as examples - not just locally or

nationally but also internationally - for advancing solutions in the area of economy, security or climate change. Some members of Hackney Council seem to be leaning towards the idealist form of representation: 'The opportunity to explore relationships that bring together different markets is compelling. These relationships can help tackle poverty through trade, education and local civic leadership – a very exciting future indeed' (Nicholson, 2013b).

The trend for local boroughs, cities and local areas to be leaders of global issues also raises interesting questions of competition both within a country and internationally. An area for future research may be to look at inter-city global competition and the 'poaching' of transformational leaders, idealists and entrepreneurs for local gain in a global economic arena. This development is already witnessed in the area of security as multiple localities and metropolitan areas have lured US police chiefs and regional security leaders to their cities. For example, the recent move by Damian Green, Minister of State for Policing, Criminal Justice and Victims in the Conservative government (2010 – 15) allowed Police and Crime Commissioners 'to choose their chief constable not only from the senior ranks in the United Kingdom, but also from other countries with a similar legal framework and policing model to ours' (Home Office and Ministry of Justice, 2013).

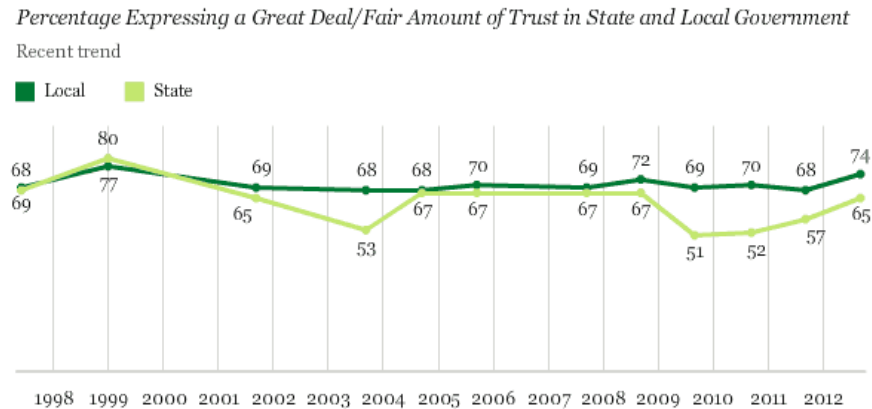
On the flip side of this issue (and linked to the idealist form of representation) is an interesting conundrum of whom citizens feel may best represent their interests. Whom do they trust to represent them? Are they looking to central government to realise their interests and welfare or to local government? The answer to these questions may provide an opening for local officials, particularly transformational leaders with an idealist concept of representation, to act with a level of legitimacy on the global stage, especially if they feel empowered by those who elected them.

It seems the issue may be about trust and confidence bestowed upon local elected officials by their constituents which grants them 'permission' to access and influence the global stage. Local elected officials are taking to the global stage to influence and act upon global policy and issues with support and backing from the populaces of their respective local areas.

The general public, in both the US and UK, have a very high level of trust and confidence in local elected officials and, contrastingly, have the reverse in nationally elected officials or in members of parliament (see Figure 4 below).

In US-based polls conducted by Gallup (Gallup Inc., 2012), between 65% and 74% of those polled expressed trust and confidence in state (not federal) and local governments (Figure 4).

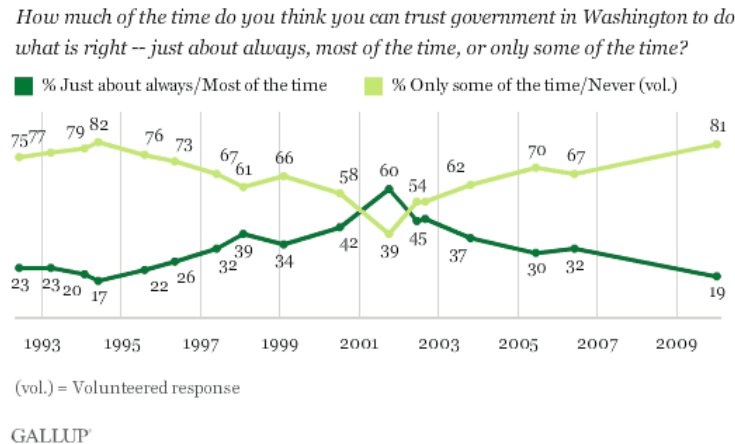
Figure 4: U.S. Public Trust in Local Government* (Gallup, 2012)



*NB: 'state' refers to the system of local states within the U.S. and thus is also considered local government for purposes of this research.

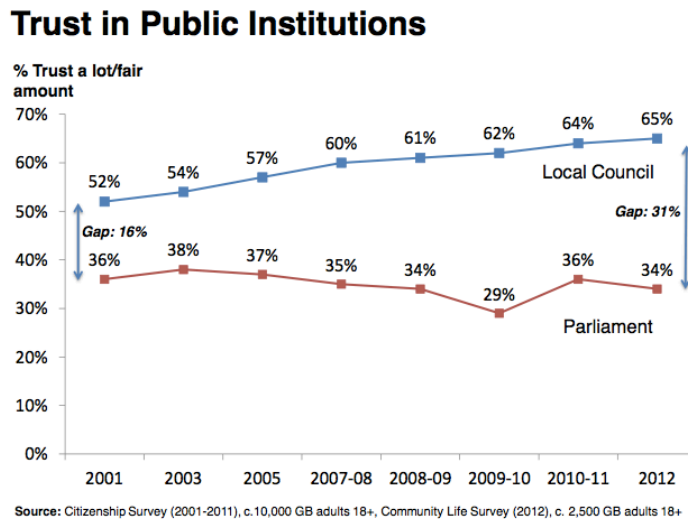
In a similar Gallup Poll in the US (2013), over 81% of those polled felt little or no trust in the national government (Figure 5).

Figure 5: U.S. Public Trust in National Government (Gallup, 2013)



In the UK, a poll was recently completed by the Local Government Association (2013), which indicated that 65% of respondents trusted their local government while 34% trusted parliament, representing a gap of 31% (Figure 6)

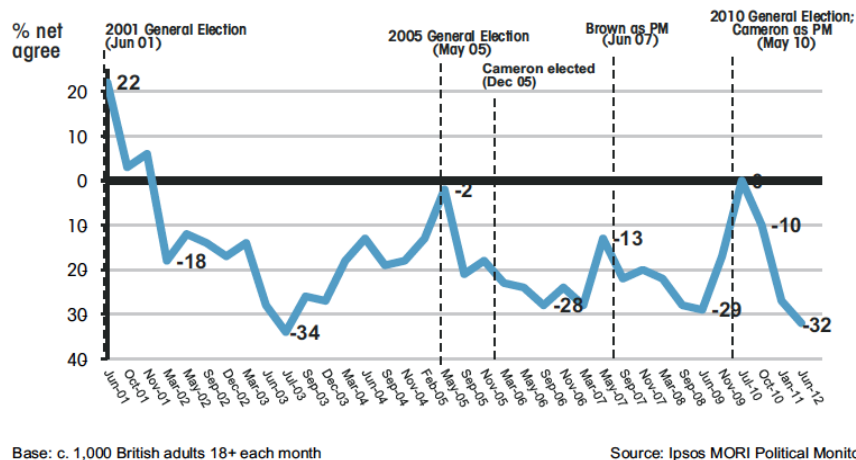
Figure 6: U.K. Public Trust in Government (LGA, 2012)



Similarly, when asked in an Ipsos Mori poll (2012) if they thought ‘in the long term, this government’s policies will improve the state of Britain’s public services’ only 31% agreed while 63% disagreed (Figure 7).

Figure 7: U.K. Public Trust in Central Government (Ipsos Mori, 2012)

Do you agree or disagree... “In the long term, this government’s policies will improve the state of Britain’s public services”



Benjamin Barber, in his speech at The Graduate Center City University of New York (2013), explained that local elected officials are already on the global stage; he said it is a reality not a theory or proposal. They are currently acting in a capacity of “soft, informal, global governance”. Combined with the fact that polls regularly demonstrate people’s trust in city mayors and councillors but rarely in national elected officials, he concludes that the nation-state is in a serious lack-of-trust crisis.

Barber claims that the new issues, challenges and threats facing the world are borderless and interdependent. ‘Nation States can no longer vouchsafe the security and liberty of citizens. The nation state has been outrun by the new circumstances of a global interdependent world in which the nation can no longer solve problems and protect democracy as it once did’ (Barber, 2013). This perspective portends significant implications for the nation-state.

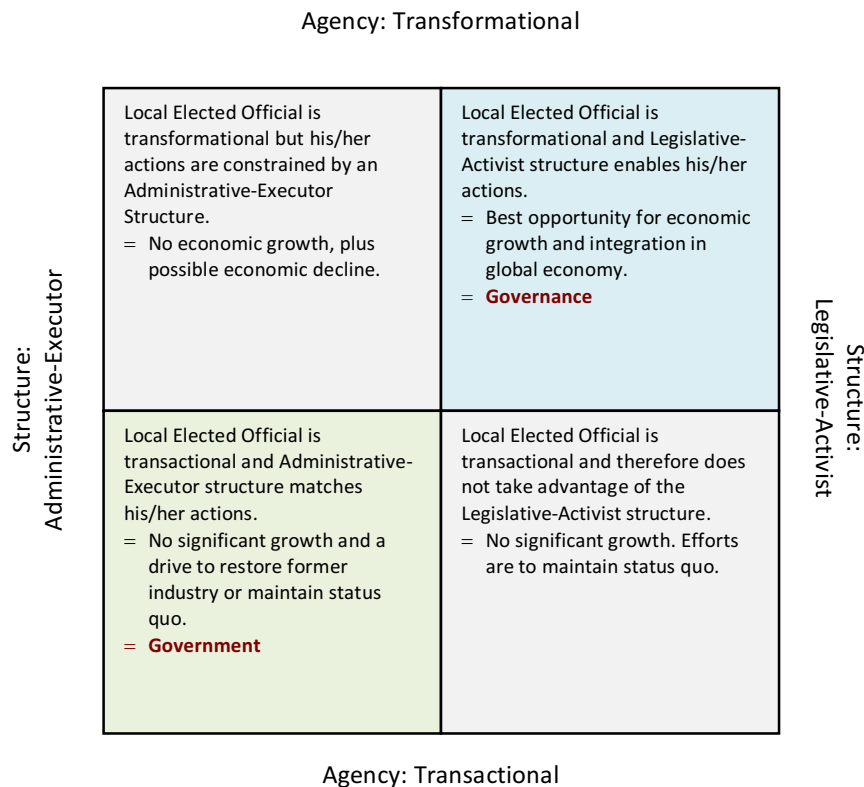
3.3.4 Implications of globalised structure and agency at the local level

This research further elaborates on the implications of the dyadic framework, taking into consideration the activities of global fluency among legislative-activist cities and juxtaposing them with the transformational leaders who are employing new tactics, demonstrating different motivations, and expanding concepts of representation – from local constituents to global ideals.

Looking at the various combinations of structure and agency, it is possible to consider potential outcomes of each combination. Two of the combinations are complementary and work in concert to reinforce each other: the transactional local elected official in an administrative-executor structure and the transformational local elected official in a legislative-activist structure. Two permutations lead to ‘no significant change’ because the agency and structure cancel each other out: these are a transformational elected official in an administrative-executor structure and a transactional official in a legislative activist structure. Therefore, different combinations of agency and structure have the potential to yield different results. A transactional official in a legislative-activist structure does not take advantage of the opportunity and no change occurs. A transformational official in administrative-executor structure has no mechanisms through which to influence change. A

transactional official working in an administrative-executor structure complement each other but result in a struggle to maintain the status quo with no real ability to move beyond it; the system maintains the current 'government' structure. A transformational official working in a legislative-activist structure has the ability to influence and deliver significant change in the status quo through engagement in new activities outside the traditional framework; the system encourages a form of 'governance'.

Figure 8: The implications of the dyadic framework for structure-plus-agency



The transactional local elected official and the administrative-executor reinforce each other in a form of local government that fails to take initiative to integrate into the competition economy. In this instance, the city or local area struggles to maintain its status quo but does not engage in new activities to move beyond this state. Areas employing these forms of structure and agency either decline or fail to make headway in establishing solid economic structures to support the local area moving forward.

The transformational leader in the legislative-activist structure is both motivated and supported to work outside the traditional hierarchy, systems and protocols of local government. While it does not guarantee that transformational leaders seek the correct activities or policies, it provides the best opportunity for seeking global solutions to local issues.

A further couple of the combinations are contradictory and lead to dysfunctional government that, in addition, does not make significant advances toward a more economically health and stable environment. For example, an administrative-executor structure limits the actions of the councillors and mayors to

transactional activities only. Therefore, a transformational elected official is prevented from engaging in global activities by the restrictions of an administrative-executor structure. Correspondingly, a transactional elected official makes no progress in a legislative-activist structure as they attempt only to maintain the status quo and do not take advantage of a structure that would allow them to seek global solutions to local issues.

The local areas that have made the shift from administrative-executor, acting in a transactional capacity to one being legislative-activist with transformational leaders, have made a significant transfer from local government to local governance. It is this shift both in structure and agency that may allow some local areas to prosper in a globally competitive market. 'The capacities to blend together resources and put together a vision that can be shared across a community are seen by many as the key ingredients of effective local leadership at the beginning of the twenty-first century' (Gains *et al.*, 2009, p. 92).

Amongst the 13 local councillor interviews across three boroughs, seven transactional elected officials were identified out of the thirteen interviewed. Transactional local elected officials were mostly found in administrative-executor structures, for example all five of the local councillors interviewed in Barking & Dagenham, a local authority with an administrative-executor structure, displayed transactional agency. Concurrently, six of the thirteen local elected officials interviewed in the case study boroughs were deemed to be transformational. Transformational leaders, in this research, were found more prominently in legislative-activist structures; for example four out of the five councillors interviewed in Hackney displayed transformational agency.

Two types of agency in motivation were revealed, and found to be either of a personal political agenda, in which the local elected official had aspirations for higher office; or it was found to be a public service motivation solely to serve and better the life chances of the constituents in the ward or borough. Six out of the seven of the transactional local elected councillors displayed a public service agenda, whilst five out of six of the transformational officials revealed a political agenda as their primary motivation.

Representation was presented as a reflection of for whom the elected official felt they were carrying out the activities of their work. Four types of representation models were revealed: local, national, political party and global. Transactional elected officials tend to indicate representation of their local ward or borough and believe that the work they undertake should have a direct one-to-one impact on their constituents alone. Three of the transactional officials displayed a broader intention of national representation in that the work they undertake on a local level has positive implications for England as a nation. Four of the transformational elected officials were driven by representation of their political party. They believe the work they undertake will advance the agenda and standing of their political party and themselves within it. Two of the transformational officials felt their local work was a representation of broader set of ideals, generally based in a view of global activities, for example, how can the local borough contribute to climate change mitigation through local bike schemes (as in Hackney), or how can they recruit alternative energy companies from abroad to power local council estates with solar energy (as in Tower Hamlets).

Figure 9: Global Fluency – Structure-plus-Agency - 13 local councillors interviewed in Hackney, Barking & Dagenham, and Tower Hamlets (y axis = agency; x axis =number of local elected officials out of total 13)

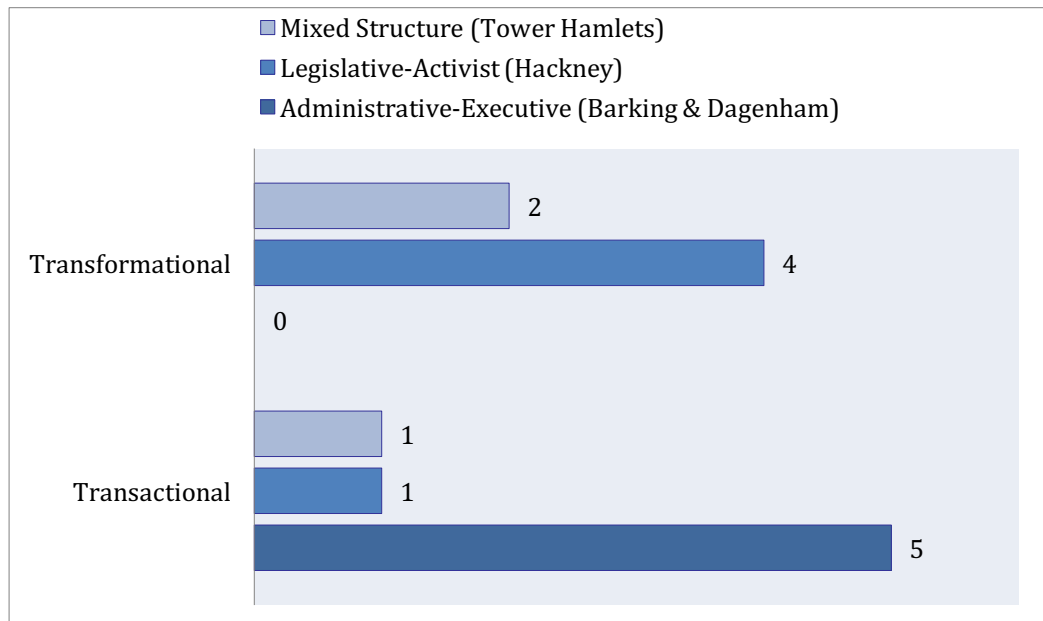


Figure 10: Global Fluency - Agency & Motivation - 13 local councillors interviewed in Hackney, Barking & Dagenham, and Tower Hamlets (y axis = agency; x axis =number of local elected officials out of total 13)

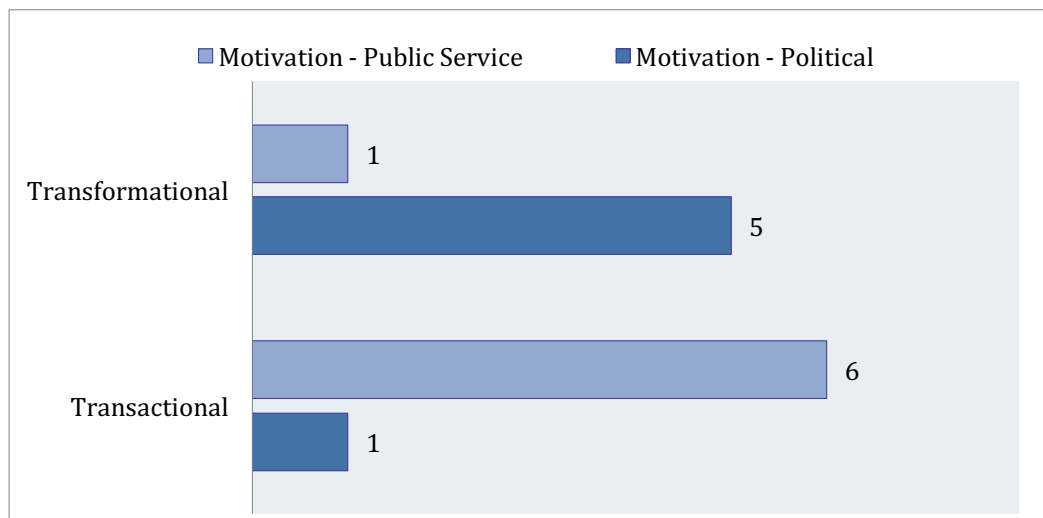


Figure 11: Global Fluency - Agency & Representation - 13 local councillors interviewed in Hackney, Barking & Dagenham, and Tower Hamlets (y axis = agency; x axis =number of local elected officials out of total 13)

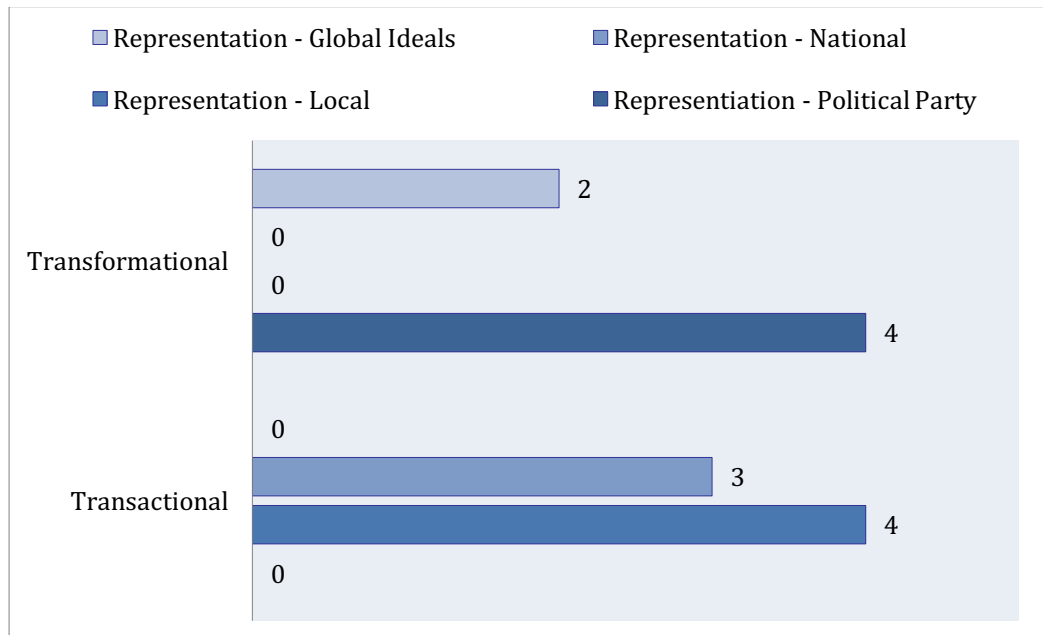
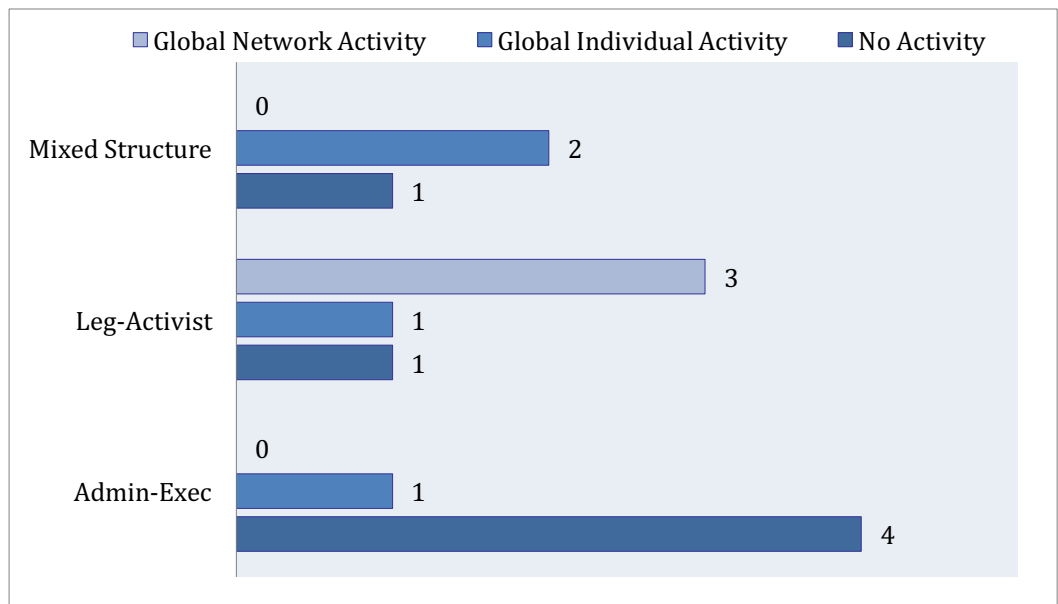


Figure 12: Global Fluency - Structure & New Activities - 13 local councillors interviewed in Hackney, Barking & Dagenham, and Tower Hamlets (y axis = agency; x axis =number of local elected officials out of total 13)



Looking at a cross-section of structure and agency in each of the three boroughs provides the conceptualisation from which conclusions can be drawn. In Barking & Dagenham, none of the local councillors interviewed scored above a 'one' in rating their agency; the councillors were all deemed to be transactional. Whilst some had an interest in global activities, it was separate and unrelated to their daily work as a councillor. Councillors Geddes and Alasia had the highest average scores of 0.7 for agency. Councillor Geddes' score was primarily based on his understanding of the need for a culture of knowledge and innovation. He expressed this through his desire to expand the borough's green technology industries as well as the possibility of leveraging the empty Sanofi medical laboratories into a medical-technology centre. Councillor Alasia's score was also based on a strong belief of a local culture of knowledge and innovation as well as her high level of activity in European Union committees that look at local and regional EU activity.

Structurally, Barking & Dagenham scores only 0.3 putting it firmly in the administrative-executor faction. The borough's highest scores in structure were ratings of 'one' for 'Legacy of Global Orientation' for understanding its role as a bedroom housing community for the global city of London; 'Specialisations within Global Reach' for attempting to establish a green technology industrial park; and finally within 'International Connectivity' for marketing itself as within easy access of local airports with direct flights to the EU as well as its attempts at increasing rail stations and services to central London. However, the efforts are in their infancy and are not currently (2014) positioning the borough for active involvement in the global economy.

For the councillors interviewed in Barking & Dagenham, motivation was found to be along the lines of public service whilst representation was firmly local or national. The administrative-executor structure and transactional agency reinforce and support each other, but only to maintain the status quo.

The results of the councillors interviewed from Hackney are nearly a mirror image to those councillors from Barking & Dagenham. Four out of five of the local councillors rate above a 'two', meaning they are globally fluent and transformational. Those receiving the highest scores are all 'cabinet members' which means their actions also influence a high score for the borough within structure as they, along

with the elected mayor, set the internal tone and structure for activities. Councillors Nicholson and McShane both scored 2.7 for having a comprehensive view of where Hackney sits and how it can best participate in a global marketplace; a high level of global activity to position Hackney with a technology specialisation; an understanding of how to globally market; and how Hackney government is the enabler of these activities. They were only to be outdone by Councillor Demerci, scoring 2.8, who personally led several initiatives to form local partnerships and bring funds to Hackney through EU lobbying and bidding opportunities. Structurally, Hackney also scores high across the board as the mayor and cabinet members all facilitate and encourage global economic activities. Hackney's one low score in structure was in International Connectivity as it has suffered from an ongoing lack of good transport links leading many local residents to feel that they are isolated from the centre of London. Within agency, the local official motivation was found to be both public servant and political, whilst representation was found to be both political party and global ideals.

The interviews in Tower Hamlets revealed a mixture of legislative-activist and administrative-executor structure and transactional and transformational agency. The three elected officials interviewed showed different motivation, representation and engaging in new activities. There was one transactional and two transformational councillors; one representing a national agenda and two representing a party agenda, two engaging in individual new activities and all three motivated as political servants. Concomitantly, the councillors were found to be engaging in some new economic activity but on a solely individual, not group, level. The councillors express that they felt they represented both the party and national agenda but are driven by political motivations.

Figure 13: Barking & Dagenham individual scores for structure and agency rated by the researcher from personal interviews

Barking and Dagenham	STRUCTURE	AGENCY				
10 Traits of Global Fluency (Clark & Moonen, 2013)	Local Authority	Cllr 1	Cllr 2	Cllr 3	Cllr 4	Cllr 5
1. Leadership with a Worldview	0	1	1	0	0	3
2. Legacy of Global Orientation	1	0	0	0	0	0
3. Specializations with Global Reach	1	0	0	0	0	0
4. Adaptability to Global Dynamics	0	0	0	0	0	0
5. Culture of Knowledge and Innovation	0	0	2	0	1	2
6. Opportunity and Appeal to the World	0	0	1	0	1	1
7. International Connectivity	1	0	2	0	0	0
8. Ability to Secure Investment for Strategic Priorities	0	0	0	0	0	0
9. Government as Global Enabler	0	0	1	0	1	1
10. Compelling Global Identity	0	0	0	0	0	0
Averages for structure and agency	0.3	0.1	0.7	0	0.3	0.7

Cllr 1: Saima Ashraf; Cllr 2: Cameron Geddes; Cllr 3: Graham Letchford; Cllr 4: Kashif Haroon; Cllr 5: Sanchia Alasia

Figure 14: Hackney individual scores for structure and agency rated by the researcher from personal interviews

Hackney	STRUCTURE	AGENCY				
10 Traits of Global Fluency (Clark & Moonen, 2013)	Local Authority	Cllr 1	Cllr 2	Cllr 3	Cllr 4	Cllr 5
1. Leadership with a Worldview	3	3	3	1	1	3
2. Legacy of Global Orientation	3	3	3	2	2	3
3. Specializations with Global Reach	3	3	3	1	3	3
4. Adaptability to Global Dynamics	2	2	2	1	2	2
5. Culture of Knowledge and Innovation	2	2	3	1	2	3
6. Opportunity and Appeal to the World	3	3	3	1	3	3
7. International Connectivity	1	2	2	2	2	2
8. Ability to Secure Investment for Strategic Priorities	2	3	2	1	2	3
9. Government as Global Enabler	3	3	3	1	2	3
10. Compelling Global Identity	3	3	3	1	3	3
Averages for structure and agency	2.5	2.7	2.7	1.2	2.2	2.8

Cllr 1: Guy Nicholson; Cllr 2: Jonathan McShane; Cllr 3: Angus Mulready-Jones; Cllr 4: Charles Kennedy; Cllr 5: Feryal Demerci

Figure 15: Tower Hamlets individual scores for structure and agency rated by the researcher from personal interviews

Tower Hamlets	STRUCTURE	AGENCY		
10 Traits of Global Fluency (Clark & Moonen, 2013)	Local Authority	Cllr 1	Cllr 2	Cllr 3
1. Leadership with a Worldview	1	1	0	3
2. Legacy of Global Orientation	3	2	1	2
3. Specializations with Global Reach	3	1	1	1
4. Adaptability to Global Dynamics	1	1	0	1
5. Culture of Knowledge and Innovation	1	3	1	2
6. Opportunity and Appeal to the World	2	2	1	2
7. International Connectivity	2	1	1	2
8. Ability to Secure Investment for Strategic Priorities	2	1	0	2
9. Government as Global Enabler	1	0	0	2
10. Compelling Global Identity	2	1	1	2
Averages for structure and agency	1.8	1.3	0.6	1.9

Cllr 1: Sharia Khatun; Cllr 2: Andrew Wood; Cllr 3: Oliur Rahman

3.3.5 Implications for State Sovereignty

As Cerny indicates, neither a weaker nor a stronger nation-state is revealed (1997, 2010b). It is a different nation-state, and one that is more complex. With each new activity, interaction or shift in institutional structure, additional layers are added to the system of interconnected web-like mesh of globalisation that encompasses both central and local government. As local elected officials are influencing global policy and engaging in networks seeking to form mutual agreements on international issues, there will inevitably be implications and changes for the nation-state.

The nation-state, since inception, has been an ever-evolving entity. As transportation and technology facilitate global transactions for multiple actors, and as global issues continue to have significant impact on local areas, more local areas, out of necessity, re-calibrate their activities to meet the need. Barber (2013) takes a more narrow view, demonstrating a distinct split between local and central government. As a matter of perspective, they highlight that the current system of a central government is young whereas the international network of cities and city leaders has endured for centuries. Acuto and Khanna state that 'from a 'city' viewpoint, nation-states have only been the (nearly) exclusive diplomatic actors for less than two centuries' (2013). They discuss the fact that throughout history it has been cities that have ruled, and these cities have been the focus for the rise and fall of empires. In our globalised world, cities are once again rising up to take control of their own futures and they are doing so out of necessity and survival:

While the implications for economic growth have been widely discussed, urbanization's impact on diplomacy and sovereignty will be equally profound. Medieval and Renaissance diplomacy was similarly dominated by city-states, particularly in Italy and northern Europe with the Hanseatic League, whose intense diplomatic competition and interactions helped to undermine the Holy Roman Empire, while fueling the commercial revolution and voyages of exploration across the Atlantic and to Asia (Acuto and Khanna, 2013).

The implications of these changes addressed here show two significant systemic modifications: the increased permeability of the nation-state boundary and the willing abdication of responsibility in some global issues re-distributed to local government.

3.3.6 Increased permeability of the nation-state barrier

Access to the global stage is now open to multiple actors from an increasingly multi-level system of informal global governance. While there are rules governing the interaction between nation-states, there are few rules governing the actions of non-state actors. Even previously marginalised people are finding access. 'NGOs and indigenous peoples, immigrants and refugees who become subjects of adjudication in human rights decisions, human rights and environmental activists, and many others are increasingly becoming actors in global politics' (Sassen, 2004, pp. 649 - 670). Hence, local elected officials have also taken to the global stage to plead their case at a higher court, having found themselves left behind by the nation-state on various fronts, particularly on the economic front. They are taking matters into their own hands because access to the global stage is open and they feel empowered to do so.

Duchacek (1990) claims that local activity on the global stage is more significant than the historical models of city-to-city trade or the tourism marketing: cities are setting up arrangements that intentionally circumvent the involvement of the nation-state to engage in paradiplomacy through global networks, leading to what he refers to as 'perforated sovereignties.' The actions of these actors, including local officials, create a self-sustaining global system. As more players take to the global stage, Cerny's theory of transnational neopluralism (2010b) transubstantiates into an increasingly enmeshed, crosscutting system. This, in turn, leaves actors no choice but to see the global stage as the place where these issues must be addressed.

Hegemonic national forces remain the central players. However, the once rigid barrier of nation-state activity is becoming more permeable with pluralistic influence. Most significantly, the establishment of the competition state with its

zealous drive toward enterprise, innovation and profit has left many local areas floundering to recover from the loss of economic revenue and central government welfare support. 'The loss of power at the national level produces the possibility of new forms of power and politics at the subnational level and at the supranational level' (Sassen, 2004, p. 651). Whilst the nation-state remains crucially relevant at the global level, it has nevertheless transformed and become enmeshed in the tentacles of globalisation. It is not becoming stronger or weaker; it is becoming a different nation-state. 'What we are seeing is not the disappearance of the state but an actual transformation of the state, its absorption into transnational webs of politics and power, and the reconstruction of the notion of 'statehood' itself along multilevel, multimodal lines' (Cerny, 2010b). Moreover, through transnational neopluralism, the nation-state has become part of a new construct of systems connoted by 'nonterritorial-functional-boundaries' (Cerny, 2010b).

Within this new structure, the nation-state is realigning its primary functions to support a global competition market. It is becoming an outward facing economic force and the subnational entities are the inward-facing economic or welfare force. However, both national and subnational entities now simultaneously engage in international efforts in areas of economy, security, climate change and other issues on the global level. Duchacek argues that 'trans-sovereign activities of non-central governments obviously presuppose that the locally elected officials and their staffs possess a considerable degree of jurisdictional autonomy in domestic affairs, which they now tend to expand to include closely connected international issues in the areas of investment, trade and environment' (Duchacek, 1990, pp. 1-2). However, he goes on to further place these activities within the complex system, similar to what Cerny calls transnational neopluralism, in which it is harder to regulate or have oversight over the comings and goings of local government in the global stage. 'So far, no political system has developed new effective processes or institutions to handle the new subnational government initiatives or responses as they traverse the national boundaries, coming from both within and without' (Duchacek, 1990, pp. 2-3).

There are already those, such as Benjamin Barber, calling for a new system where the nation-state is not the only or primary driver. What is needed is 'new

political entities, new institutions to deal with an interdependent world currently being acted upon by MNCs, NGOs, IM institutions. And so we need new political actors - the city, the polis' (Barber, 2012). Regardless of these views, it appears likely that the local elected officials feel their local areas have a significant role to play and may be in a good position to address some of the most intractable issues the world is facing today. Councillor Nicholson sees this happening in Hackney: 'As our communities become increasingly well connected, it is not surprising that local and global boundaries are fast disappearing. Hackney's business links are not only to North America; Berlin and Barcelona are seeking to sign agreements this year to expand trade and productivity between our creative technology clusters' (Nicholson, 2013b).

3.3.7 Abdication of a portion of the state role on certain issues

As mentioned above, some cities may be entering into agreements that differ from the nation-states' foreign policy positions. Moreover, some cities may be in a position to utilise the 'perforation' to advance issues that are priorities for the nation-state but which it is not in a position to advance itself. Complex laws, protocols, regulations, branches of government, and conflicting party politics can bind nation-states. In an effort to pass even simple legislation, the process can be long, and the end results can be 'watered down' by a series of negotiations and concessions. With some issues, it may be preferable for local areas to advance the agenda rather than expending national resources on policies or legislation that will create little or no impact. 'In this context, nation-states have become more deliberate about using cities' potential to serve as their agents in certain spheres of international activity' (Freeman, 2013).

As there is strong evidence that local areas are seeking the global stage to aid the economic growth of their areas, they are also seeking the global stage to influence other significant issues. Climate change is no longer a theoretical debate as local areas are experiencing longer periods of draught which are affecting their local food supply, or a rising (or diminishing) water line which is redefining their shorelines. Similarly, issues of security are being felt more keenly as city after city

must deal with increased terrorist attacks, growing inter-cultural discourse through migration, and diversity of religious beliefs. While nation-states seek out international solutions or strategic approaches to affect the source of these activities, the local areas are left to deal with the day-to-day implications of these security issues.

The local perspective is that, 'today, as national governments focus on other policy objectives, cities have initiated their own efforts to deal with many of the non-traditional threats to which they feel their security is vulnerable' (Freeman, 2013). Similarly, Barber's perspective is that cities are the entities which are best capable of addressing the most intractable global issues because they are practised and flexible in building a pragmatic infrastructure of solution based, action oriented initiatives (2013, 2012). Barber goes so far as to say that 'sovereignty has become the obstacle to cooperation' (2012).

3.4 Conclusion

As a result of the impact of globalisation, the behaviour of local elected officials is changing, leading to more and more activity beyond local government and into the realm of governance activities on the global stage. Local leaders are no longer acting within the traditional confines of structure and agency of local government. As transformational local leaders, some are adopting the role of local representative on the global stage to achieve their goals. In doing so, they are adding additional layers to an already complex global and local system with implications for state sovereignty.

This chapter has provided a dyadic framework to conceptualise these activities beyond the contextual issues of either agency or structure alone. This framework reveals different possible outcomes for coupling the agency of transactional or transformational leadership with the structures of administrative-executor or legislative-activist. The research argues that a combination of administrative-executor with transactional leadership does not lead to significant opportunities for local economic growth. Instead, it seeks to restore lost or past forms of economic foundations or, at a minimum, uses a system of local government

to maintain the status quo. Conversely, the research shows a form of local governance, employing a legislative-activist structure and coupled with transformational leadership, provides the best potential opportunity for economic growth. Moreover, it shows that city and metropolitan level growth is achieved through a level of global fluency where local elected officials operate at a global level independent of, but with implications for, the nation-state.

The chapter has supported the hypothesis by first outlining developments that have led to this outcome: namely, paradiplomacy efforts, transitions from government to governance and local elected officials as transformational leaders. Paradiplomacy efforts after the 70's oil crisis were the first attempts of local areas to reach beyond their borders in a form that mirrors diplomacy at the national level. Those initial efforts have since led to full-blown international relations activities by local areas on the global stage. The transition from local government to local governance has been the catalyst that has allowed local governments to realise their potential outside the traditional confines of the administrative-executor structure. The successful move to governance by some local governments has provided its officers with the confidence to work more effectively and in new and innovative ways. This transition was facilitated and unlocked by the legislative-activist structure. However, both paradiplomacy efforts and a shift to governance can only be realised by a concurrent move towards more transformational local elected officials who are willing to undertake the complex and entrepreneurial work.

The chapter then outlined the new phenomenon as a function of three areas related to attaining global fluency: new activities in which local elected officials are engaging; what is motivating the activity; and how the concept of representation is reflected. The strength of the argument has been significantly bolstered and reinforced by the recent work on global fluency by Clark and Moonen (2013) who have identified ten traits that make local areas more economically successful in a globalised world.

The chapter outlined changes in local structures of two types of activities that elected officials are engaged in on the global stage: acting independently as an individual to promote and seek solutions to local issues; and acting as part of new global networks of local elected officials to address the implications of global issues

on local areas. The global issues that the networks seek to address include security and climate change. Local elected officials indict the impediments of national governments while local areas face the increasing implications of these issues.

Agency, in the form of motivation by local elected officials on the global stage, is generally presented as two non-mutually exclusive options. First, those who have easy access to the global stage see it as an opportunity to couple their current work with personal profile-raising in hopes of higher offices. In this case, local elected officials may be engaging in paradiplomacy efforts as a way of building an international network of support to bolster their personal political aspirations. However, the research finds that they are usually coupled with some idealistic motivation based on necessity and the best interest of their polis. In the second instance, local elected officials are driven by a desire for local public service. In most cases this idealistic drive derives from one of necessity due to a lack of critical support and services from central government. In this case, elected officials, seeking a diversification of their economic activities to the global stage, have found a mutually beneficial arrangement with international and global organisations in which they otherwise have no legal standing.

The question of agency as representation is also considered as non-mutually exclusive forms of 'nationalist' and 'idealist'. In the pure form of the nationalist, they are seeking the global stage to represent their local constituents while simultaneously holding up their solutions as viable answers and examples for the nation. The polling of trust in local government versus central government may also be a factor that influences local elected officials to work for a broader constituent group than their polling ward. Polls show the general national population does not feel that solutions to their issues will come from central government. There is also the notion of idealistic representation at a higher level. The notion of representation in this case is more conceptual, as elected officials seek to find solutions to issues that are affecting not only their constituents but also people around the globe in similar situations. It is in this respect that issues such as security and climate change are being addressed. It is becoming increasingly recognised that entrepreneurial leadership 'is crucial in helping to find new economic futures for cities, their businesses and residents' (Office of the Deputy Prime Minister, 2006, p. 13).

Finally, the chapter presented postulations as to the implications of these various activities. The research presents positive indicators that the dyadic arrangement of transformational leadership and legislative-activist structure appears likely to connect a local economy to opportunities in the global economy, which also shows positive indicators of local economic vitality. Further, within agency, it appears that a politically motivated agenda advances local globalisation more than a purely public servant agenda. Similarly, the concept of representation of both a political party and global ideals connects the local to the global with greater frequency than a local or national representation focus. Where additional variables significantly impact the local government the structure and agency become mixed and do not lead to any significant advancements for the vitality of the local borough.

Implications for state sovereignty are two fold: increased permeability of the nation-state barrier; and an abdication of the nation-state role on some issues. The chapter proposes that the nation-state is not less nor more than it was, but that it is a different nation-state. As such, there is increased traffic outside of nation-state representation, both in and out of geographic and intangible borders. While perhaps not irrelevant or obsolete, the nation-state role at the global level has transformed and has itself become enmeshed in the tentacles of globalisation. Cerny states: 'What we are seeing is not the disappearance of the state but an actual transformation of the state, its absorption into transnational webs of politics and power, and the reconstruction of the notion of 'statehood' itself along multilevel, multimodal lines' (Cerny, 2010b). He proposes that the nation-state, through transnational neopluralism, has become part of a new construct of systems connoted by 'nonterritorial-functional-boundaries'.

Alongside this increased permeability is the nation-state's abdication of its role in some issue areas. This abdication is not necessarily involuntary but more a reorganisation of responsibilities across issue areas such as security and climate change where the local area may be able to provide more information and insight, together with more progress, in tackling these issues within their international network of local areas.

All of these activities and implications are occurring simultaneously in a rapidly growing and moving system. There are many other actions, activities and

variables in play; this chapter has attempted to provide a framework to conceptualise two actions: the interaction of structure and agency and the rise of the global local leaders. Through that framework the research analyses interviews with 13 local elected officials from three London Boroughs to present positive indicators for global fluency leading to economic activity for transformational local elected officials in legislative-activist local governments.

Chapter 4

Ethnic Entrepreneurs Go Global:

Postnational Agency and Transmigration Structure

4.1 Introduction: globalisation and ethnic entrepreneurship

This research examines the impact of globalisation on the behaviour and structure of local government and elected officials. In doing so, it is important to understand the specific drivers of economic development which play a role in revitalising a local economy by connecting it to a global marketplace. This chapter examines the role of ethnic entrepreneurs as small and medium business owners (also referred to as SMEs – small and medium enterprises) who build local businesses with global reach that may benefit a local economy. These activities are occurring through their own association with changes in structures and behaviour between the local and global stage.

According to Oxford Economics (2013):

SMEs are thinking and acting globally, competing with rivals of all sizes, and investing aggressively in technology to improve operations and make themselves more nimble. This thinking defies some entrenched stereotypes of smaller companies, which often are perceived as local or regional entities that are largely technophobic, and have at best only a supporting role in international trade (p. 2).

Several of the local elected officials interviewed for this research talked animatedly about establishing physical locations where business start-ups, mainly technology companies, can foster new economic growth for local areas. Ethnic entrepreneurs are unique as they are already globally aware of their status as first generation immigrants or descendants of recent immigrants. A small number of ethnic entrepreneurs were therefore interviewed to gain insight as to the behaviour and structure that facilitates their efforts to connect local businesses to the global marketplace. Specifically this chapter:

1. Looks at ethnic entrepreneurs as local drivers for economic activity who are operating at both a local and global level intentionally and simultaneously;

2. Seeks to understand the changes in both agency and structure as a result of globalisation that have enabled ethnic entrepreneurs to build local, yet 'born global', businesses;
3. Examines and compares the differences in agency and structure between transformational local elected officials and local ethnic entrepreneurs, both of whom operate globally.

In considering the overarching question of the impact of globalisation at the local level, the research explores local elected officials and ethnic entrepreneurs working together to revitalise a local economy through linking to a broader scope of opportunities on the global level. Therefore, their activities do not occur in a vacuum or in isolation. Officials seek out what resources are available locally or, where necessary, help create resources that they feel may be of value to the global market.

The image of ethnic business owners has transformed from early perceptions. Migrants are no longer pigeonholed by the stereotypes of being middlemen, foreign trade suppliers or ethnic niche market and corner stores owners (Waldinger *et al.*, 1990; Weber, 1930; Sombart, 1914; Simmel, 1908). Ethnic entrepreneurs are playing a larger and progressively more important role, not only in the 'creative class' (Florida, 2002) of urban economic drivers which includes innovators, information service and technology business owners, but also in servicing the supply chain that supports them. If inclusion of ethnic entrepreneurs is part of a local economic development initiative in which they are supported and facilitated to create new ideas, technologies and solutions, they can become part of the 'driving force... as the key factor in our economy and society' (Florida, 2002, p. 4). By understanding the role of ethnic entrepreneurs and local elected officials, and how agency and structure support them, we can better understand how these changes come about as a result of globalisation and whether the two are connected.

According to Filion, Ramangalahy, Brenner & Menzies, 'in recent years, both governments and researchers have begun to pay more attention to ethnic entrepreneurship. Several factors, centred on a new awareness and recognition of the social impact of ethnic entrepreneurs and businesses on the economy of host

countries, explain this renewed interest' (2004, p. 296). Examples from studies in the U.S. (Lachman & Brett, 1996; Butler & Greene, 1997) indicate that ethnic entrepreneurs in particular may have a positive impact at the local level because they are able to use their global business relationships to maximise their local business. Studies of the diversity of business owners associated with the establishment of thriving businesses in Silicon Valley in the US also point toward ethnicity and diversity as a driver of global small business growth (Engardio and Burrows, 1997; Saxenian, 1999).

Nijkamp, Sahin and Baycan-Levent, (2009) state:

In an open and globalized world characterized by an increasing degree of urbanization, modern cities function as a habitat of international migrants whose involvement in the small and medium sized enterprise (SME) sector creates a source of new jobs, business dynamism and innovation. Migrant entrepreneurs form a significant part of the SME sector in our cities and may hence be important vehicles for urban vitality (p. 1).

In their survey of 2100 SMEs worldwide, Oxford Economics (2013) forecast that, by 2016, four rapidly changing paradigms will occur: firstly, a third of SMEs will generate almost half their revenue from international markets; secondly, that approximately 35% of SMEs are operating in more than six countries; thirdly, that SMEs are transforming their business models to adapt to global competition; and, lastly, that there is a large increase in SME personnel recruitment, coupled with a shortage of skilled workers to fill the roles. The impact of these changes is playing out in local areas around the world as local entrepreneurs seek to rapidly establish and expand businesses with global reach. The research here will examine this phenomenon in three London boroughs and will focus specifically on ethnic entrepreneurs.

Exploring agency will provide a lens to explore and assess *why* ethnic entrepreneurs are motivated to create local-global businesses; the influence their ethnicity plays on their own identity; and the personal connection with both their country of origin and host country. Furthermore, understanding structure will help to explain *how* local ethnic entrepreneurs are able to connect their local businesses to a global marketplace; in what way they are leveraging their existing international

networks for the benefit of their businesses; and where their market opportunities reside.

The three local authorities researched here, where local leaders are attempting to use local structures and new activities to connect their local economy to a broader global economy, involve local businesses in two ways; by investing in innovative and collaborative business spaces to facilitate new business start up activity; and by enabling the connection of local entrepreneurs with global economic activity the local government is involved in or pursuing. Exploring how local elected officials engage and support entrepreneurship and how local entrepreneurs in turn engage with the local government helps to increase understanding of the growing connection between local and global economies.

4.2 Structure of the chapter

The chapter will first define a few of the basic terms used herein: ethnicity, ethnic immigrant and entrepreneurship, as well as the concepts of first versus second generation immigrant and ethnic entrepreneurs. Whilst these terms have different meanings dependent on the field of study, the research here will present definitions used by others in the field of migration and ethnic entrepreneurship (Chaganti & Greene, 2002; McDougall and Oviatt, 2000; Peterson, 1980; Waldinger, Aldrich and Ward, 1990; Yinger, 1985).

Next, the chapter briefly reviews the literature upon which the research builds. To consider this requires a framework or lens through which to view it; existing ethnic entrepreneur models are explored to understand the progression of research in this field and how others have viewed the issue. As with the previous chapter, frameworks for both structure and agency are considered. The following migrant entrepreneur theories are considered: the middleman (Simmel, 1908; Sombart, 1914; Weber, 1930); the interactive entrepreneur (Waldinger *et al.*, 1990); mixed embeddedness (Kloosterman, Leun & Rath, 1999; Rath 2000; Rath & Kloosterman, 2000; Rath & Kloosterman, 2002); enhanced interactive model (Volery, 2007); and heuristic model (Oliveira, 2007). This is followed by Soysal's (1994) postnational migrant theory and work done on second-generation ethnic

entrepreneurs (Masurel & Nijkamp, 2004; Rusinovic, 2006; Sharma, 2013) to better understand behaviour and transmigrant theory (Schiller, Basch & Blanc-Szanton, 1992) which are used to explore structure within this research.

The chapter then moves into new research that reveals the motivations and methods of local ethnic entrepreneurs in London who are working at the global level. Lastly, the chapter draws conclusions based on this new research as it relates to understanding the overall question of the impact of globalisation on local government and on elected officials seeking to drive local participation at the global level.

4.3 Definitions and clarity on terminology

It is important there is clarity of the general terms used in this chapter which may have multiple meanings across disciplines. This research delves into multiple layers on the topic of ethnic entrepreneurs. For example, one must consider the meanings of independent terms including, ethnicity and entrepreneurship but also the meaning of the concept of global ethnic entrepreneurship.

At the outset the term ethnicity is considered. Aldrich and Waldinger (1990) along with others (Peterson, 1980; Yinger, 1985) define ethnicity as a shared cultural background involving membership or a sense of belonging within a particular group, whether through self-awareness or external identification. Further, McDougall and Oviatt define international entrepreneurship as 'a combination of innovative, proactive and risk-seeking behavior that crosses national borders and in doing so is intended to create value in organizations' (2000, p.903). Aldrich and Waldinger define the concept of ethnic entrepreneurship as 'a set of connections and regular patterns of interaction among people sharing common national background or migration experiences' (1990, p. 3). The two definitions together help provide a basic understanding of a global ethnic entrepreneur, defined here as an entrepreneur who is connected to a migrant group through a common background or cultural experience and, as a business owner, leverage that background and experience to take risks, work internationally and seek a value added perspective.

However in today's interconnected world through travel and communication

the concept of identity is becoming more fluid in relation to both the country of origin and the host country. As a result, the definitions provided by Aldrich and Waldinger (1990) and McDougall and Oviatt (2000) should be expanded to consider such concepts as those provided by Faist in which 'transnational studies perspective should be able to deal with both new social formations *sui generis*, such as transnational social spaces, and how 'old' national, international and local institutions acquire 'new' meanings and functions in the process of cross-border transactions' (2010, p. 1665). This means that today people do not necessarily stay put, and are much more connected with places they have come from through communication technology and improved travel connections. The way that they keep these connections influences their sense of identity but also provides opportunities to those inclined towards entrepreneurship.

Various terms are used interchangeably in this field, including ethnic or immigrant entrepreneur. Chaganti & Greene (2002) attempt to provide a distinction based not on ethnicity but on the individual's level and type of involvement between their business and their culture. They clarify the perception of the terms: ethnic or immigrant entrepreneur. In this view, ethnic entrepreneur is the widest used term and can become a 'catch-all' descriptor, but specifically refers to those who self-identify or are group-identified by society by their ethnicity. While the ethnic connection to culture and community may be strong, ethnic entrepreneurs are not necessarily immigrants and can in fact be from multi-generational residents of their non-native country. An immigrant entrepreneur, on the other hand, traditionally refers to a recent arrival to a country, sometimes implying non-white or someone not fluent in the language of the country (Kloosterman and Rath, 2001; Aldrich and Waldinger 1990). The meaning may also be influenced by the definition used by the host national government, particularly as they relate to participation in immigrant entrepreneur assistance programmes - where some governments provide access to capital or other resources for small and medium sized businesses (Nestorowicz 2012). Governments tend to consider identity as a series of set and observable characteristics which as a narrow and static view. In some government contexts and varying from country to country, the term entrepreneur may also be used to determine eligibility for government assistance programmes. In many cases, these

assistance programmes have additional criteria for eligibility such as minority rated ethnicity, for example, usually black, and sometimes female (UK Department for Communities and Local Government, 2013). Ethnicity and immigration status are not always related in any direct way. A more flexible and helpful view, especially when considering changes rapidly occurring through globalisation, is to consider ethnicity as a social construct by groups of individuals who self-identify and are identified as similar to each other as is the case in the research conducted here.

Immigrant entrepreneurs researched in this project may self-identify with a cultural uniqueness but it does not necessarily always define their business model that tends to be based on free market demand. For example, early entrepreneurial business models were culturally dependent, as in middleman entrepreneurs, import/export businesses from their native country, or service related businesses providing ethnic products such as food, hair care products, religious objects and other difficult-to-find items in the host country. Immigrant entrepreneurs in the global economy run businesses which maybe producing products that are non-culturally dependent such as technology and finance; however, they may make use of cultural connections as a way of doing business, to support or advance their business in the global economy. In this way ethnicity is more about a way of doing business rather than the product or output of the business.

Chaganti & Greene (2002) default to the use of the broad term ethnic entrepreneur (as is used in the research here) but indicate that greater insight can be gained from the level of ethnic involvement rather than a classification of ethnicity. In their surveys of 112 ethnic entrepreneurs in the US, they found that those with a high level of ethnic involvement tended to be ethnic enclave businesses, meaning those that are serving a locally concentrated, high number of people from a specific ethnic community. The business model is one that solely serves, supports and seeks support from their cultural community. These businesses also tend to show a weak performance over time as there is a limited number of people it is set up to serve in the local community impacting the growth potential. Comparatively, low ethnic involvement businesses were less dependent on a specific community both for a customer-base and financial support. They tend to be higher performing businesses such as start-up in technology and new economic sectors. While they

may still face minority ethnic discrimination in a predominantly white business community, they mainly rely on mainstream investors and banking for capital and not their cultural community.

Suzanne Hall's work on ethnicity and the High Street (2013a, 2013b, 2013c) takes a different view on this phenomenon in finding that small businesses are excellently placed to benefit economically by being embedded in culturally diverse communities and having rich transnational networks to draw on. A high level of ethnic involvement is vital for them in creating personal and community success as a business. For this research, it is important to understand that it is not 'ethnicity' that makes these 'born-global' businesses succeed or fail, it is whether they have access to cultural capital which is locally valuable and are at the same time situated within global networks to bring goods to market. The ethnic entrepreneurs researched here fall predominantly into the low ethnic involvement category, and particularly those who are seeking to work in new economic areas. They maintain a connection to their culture both natively and transnationally but are not bound to their ethnic group for business success.

Finally, it is helpful to consider the meaning of the term of second-generation ethnic entrepreneur. Expanding on the work of Chaganti & Greene (2002), the meaning of second generation ethnic entrepreneur can include several types of business owners including immigrant, or native non-white, business owners. Firstly, the term second generation immigrant usually means that the individual's parents were the first generation to immigrate to the current country of residence. Further, in the research here, a second generation ethnic entrepreneur refers to an entrepreneur whose parents were immigrants but not necessarily entrepreneurs.

4.4 The literature on ethnic entrepreneurs

Ethnic entrepreneurship is an age-old activity. Over time, the variables and factors of success, as well as influence on local economies, have shifted and developed. In the 20th and 21st century, multiple factors have lent to a more complex and sometimes convoluted, albeit necessary, framework of migrant entrepreneurial success.

Figure 16: Immigrant/Ethnic entrepreneurship models over time

Model	Framework / Theory	Author, Date
Middleman and niche import market	Success = ethnic enclave as the exclusive or niche market	Simmel, 1908; Sombart, 1914; Weber, 1930
Interactive model	Success = opportunity structure + group resources	Waldinger <i>et al.</i> , 1990a; Waldinger <i>et al.</i> 1990b
Mixed embeddedness model	Success = opportunity structure + group resources / market + regulations	Kloosterman, Leun & Rath, 1999; Rath 2000; Rath & Kloosterman, 2000; Rath & Kloosterman, 2002
Enhanced interactive model	[Success = opportunity structure + group resources / market + regulations] individual entrepreneur characteristics	Volery, 2007
Heuristic Model	Structure + Agency, inclusive of multiple external variables in which the entrepreneur is operating	Oliveira, 2007

Leo-Paul Dana (2007, p. 4) outlines ‘language, network and skills’ as the triumvirate that, when used to their advantage, lead immigrant entrepreneurs to self-employ, especially in the face of high rates of discrimination from host nations. In some form or another, each one of the models identified in Figure 16 incorporates these skills and attributes.

4.4.1 Middleman entrepreneur

Early academic writing paints the immigrant businessman as ‘the stranger’ (Simmel, 1908) who comes to the village and becomes a permanent resident, but always at a distance as he comes from a different culture, and with a different language and way of living in society. As such, he is both a member of the community and an outsider. He therefore acts as the middleman involved in trade activities that bridge the two cultures. This theme is progressed by Sombart (1914) and Weber (1930) who, rather than identifying ‘the stranger’, explore sects which are marginalised in society and choose entrepreneurship, for example Jews in

Germany in the 1930s , and the 'Protestant Work Ethic' which, in turn, became the antecedent to modern free trade and capitalism.

4.4.2 Interactive model

Waldinger (1990a; 1990b) moves the model from one simply as a niche market, or middleman, into one dependent on migrant business with success dependent on opportunity structures and group resources. The opportunity structures may include market conditions, customer base, competition, government policies and regulations, and access to capital, while group resources relate to predisposing factors of origin and destination, cultural attributes, and supporting ethnic resources. In addition, Aldrich & Waldinger (1990) provide a third framework element of 'ethnic strategies' which highlights the interaction between the opportunity structures and group resources.

4.4.3 Mixed embeddedness model

Kloosterman *et al* (1999) develop a 'mixed embeddedness' model which addresses both structure and agency; the model that assesses ethnic entrepreneurship in the Netherlands builds on this interactive model. In addition to considering opportunity structures encountered by ethnic entrepreneurs within their community, this model considers the ethnic entrepreneur opportunity structure as one form of embeddedness among others: namely, engagement in the host society and its political structures as a set of informal processes. This framework allows for a more complex assessment of not just whether ethnic entrepreneurs will be successful but whether they possess the qualities for upward social mobility. The framework also allows an analysis to emerge and change after an ethnic entrepreneur has been operating in a new country for some time, and to assess how their relationships and activities transform as a result of informal processes in the environment into which they become embedded. Several pieces of work (Volery, 2007; Razin & Light, 1998) outline the three assumptions that underlie the mixed embeddedness model:

1. Barriers must be able to be overcome, whether they are regulations or entry to the marketplace
2. Entrepreneurs must see the potential for return in order to participate
3. The entrepreneur must physically take advantage of the presented opportunity

Because Kloosterman and Rath's framework considers the interplay of the ethnic entrepreneurs' opportunity structure and socio-political embeddedness, they use the term 'mixed embeddedness'.

4.4.4. Enhanced interactive model

Volery (2007) takes mixed embeddedness further with an 'enhanced interactive model' and discusses changes to historical circumstances in Europe: recent massive migration northward from Southern Europe and North Africa (Gidley, B., Jayaweera, H. 2010; Talani, 2009 & 2005) economic restructuring (expanded upon by Sassen, 1991 & 2000); and an increased opportunity structure in Europe which is becoming more favourable to ethnic entrepreneurs (Masurel and Nijkamp, 2004). Volery presents the enhanced interactive model, combining characteristics or opportunities, as they relate to an entrepreneur's ethnicity as well as the business characteristics of entrepreneurship, including unique entrepreneurial strategies and ways of thinking. The two words 'ethnic' and 'entrepreneur' are independent in that any individual entrepreneur may behave in a different way of existing from members of their ethnic group, yet they are also linked in that ethnic entrepreneurs as a group face challenges related to their ethnicity that indigenous entrepreneurs may not (Schaper and Volery, 2004).

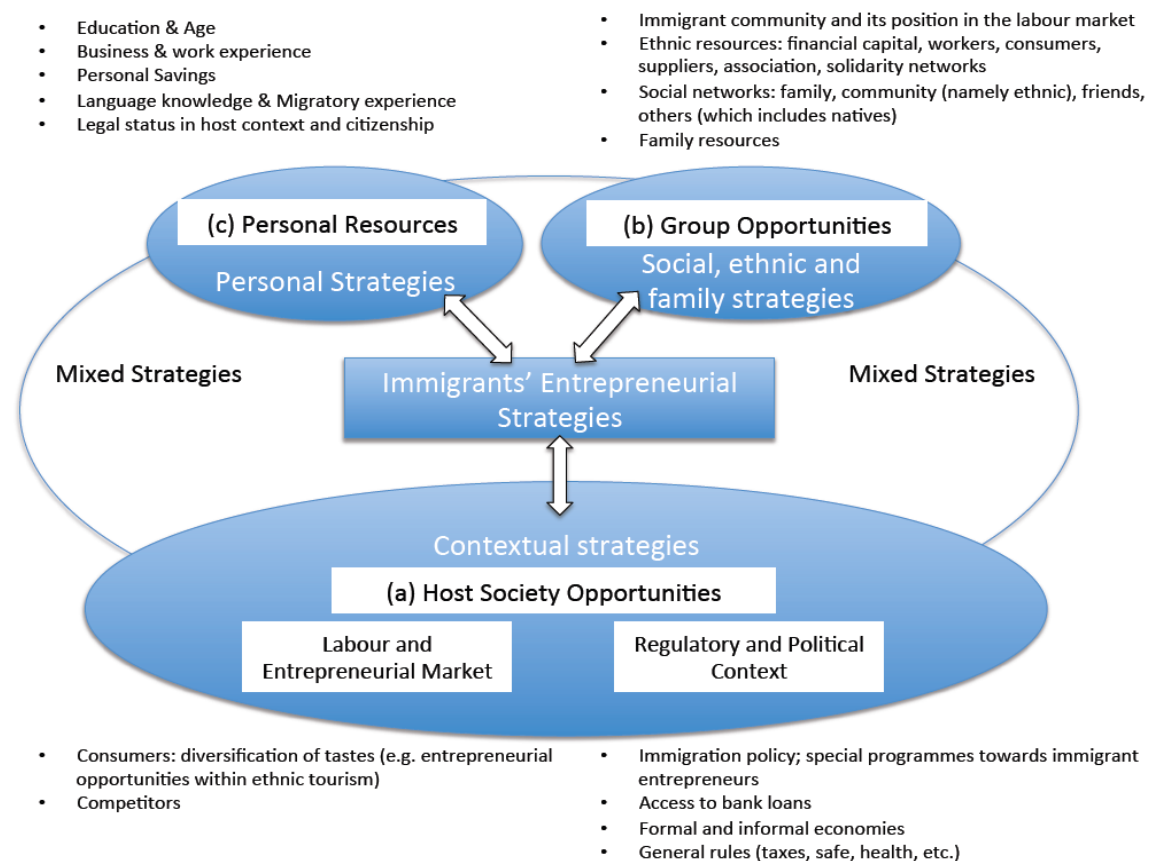
Up to this point, the literature on ethnic entrepreneurship has predominantly focused on the migrants themselves, including motivations, demographics, family and ethnic community support as well as their origin, destination and associated trends (Bonacich, 1973; Ward & Jenkins, 1984; Light & Bonacich, 1988; Jones & Ram, 1998). Further literature also considers external factors such as the characteristics of

a given area, the legal framework, and policies and barriers faced by the migrant entrepreneur (Masurel, Nijkamp, Vindigni, 2004; Oliveira, 2007; Oliveira, 2011; Volery, 2007; Nijkamp, Sahin, Baycan-Levent, 2009).

4.4.5 Heuristic model

Oliveira (2007) constructs a 'Heuristic Model on Immigrants' Entrepreneurial Strategy' which provides a comprehensive picture of the variables included in all the previously reviewed models. 'The model follows other attempts to show that there are no random factors in immigrant entrepreneurship and aims to reflect the resourceful dealings that immigrants establish within the context of their personal resources, social networks and structural opportunities, with the aim of defining entrepreneurial tactics' (Oliveira, p.134).

Figure 17: Heuristic Model on Immigrants' Entrepreneurial Strategy (Oliveira, 2007, p.66)



Through all the variations of models and theories, Waldinger & Aldrich's (1990) original simple insight holds true: they state, 'ethnic groups adapt to the resources made available by their environments, which vary substantially across societies and over time' (p. 131).

4.4.6 Postnational migrant participation

Soysal's (1994) work on migrant polity participation, coined 'postnational migrants', adds a further dimension to the theoretical frameworks. Soysal proposes that 'a new and more universal concept of citizenship has unfolded in the post-war era, one whose organizing principles are based on universal personhood rather than national belonging' (p. 1). Migrants are granted rights in host polities through their residency as well as either through their active participation or that of their representatives. They are governed by a host polity's social and civil frameworks; they are granted basic access to benefits (for example NHS care); they may have social and political representation and some families participate in work, education and other community based offerings and initiatives. Soysal's research reveals the 'decreasing importance of formal citizenship status in determining the rights and privileges of migrants in host polities. Formal citizenship is not a prerequisite for granting individuals many rights and duties with respect to the national polity and the state' (1994, p.132). While Soysal's sample group of 'guest workers' certainly reveals changes across a broad spectrum of issues for migrant workers and trends in labour, there are also several reflections from her work that can equally be applied to the ethnic entrepreneur. Migrants who are guest workers or non-naturalised immigrants impact on the host polity mainly through secondary vehicles – meaning they need a second or third party to represent them to access many rights. Although migrants influence the polity through their existence and social needs, and through advocacy groups and various representatives, they may still be indirect participants in the power structure of local authorities and policy-making. The sub-group of the postnational participants as ethnic entrepreneur, some of whom may be citizens (a legal status of nationality) or second and third generation residents (a legal status of 'right to live'), has infiltrated the host polity to the level of direct

participation and wielders of economic power. In essence, this means there are different types of citizens and they have different access to rights and opportunities – some more than others. Citizenship is in this way a type of boundary defining the (excluded) status of people of migrant background from people who are not by virtue of having less rights (McMahon, 2015). The research here considers the economic power wielded by ethnic entrepreneurs and their activities to move the spectrum more towards universal personhood and further from nation state citizenship.

4.4.7 Transnationalism theory and the framework for transmigrants

In a seminal piece of work, Schiller, Basch & Blanc-Szanton (1992) call for a new framework to understand migration theory born from the expanding tentacles of globalisation. Using the theory of transnationalism, migration is understood through multi-national economic, social, cultural, political, network and familial ties existing in more than one nation-state simultaneously (Schiller *et al.*, 1992, p. ix).

Schiller *et al.* define transnationalism as a process in which transmigrants are functional participants who maintain active relations and networks in more than one country; those countries may include their current host country, country of residence, native country, or another country (1992). The ‘transmigrant’ theory for understanding migration is based on six premises (1992, p. 5):

1. Bounded social science concepts of nationality and ethnicity limit researchers’ perspective in studying migrant trends
2. Transmigrant theory is linked to and is a result of global capitalism
3. Transmigrant theory is grounded in the daily life of migrants
4. Identity is re-defined by transmigrants and their networks
5. Transmigrants lead a fluid life which means nationalism, race and ethnicity must be re-worked to understand culture, class and society
6. Transmigrants adapt to the influence of hegemonic nations and globalisation

Schiller *et al.* (1992) discuss the variations of migrants versus transmigrants. Namely, most migrants eventually assimilate into their host country and, after three generations, the native language is usually lost and connections to their native country are minimal. Conversely, transmigrants tend to maintain their native language, speaking both their native and host country language fluently. As a result of maintaining multiple national or cultural ties, transmigrants tend to acculturate to a new society rather than completely assimilate. Transmigrant entrepreneurs develop networks for building global businesses. 'Indeed one could conclude that globalization requires transnationalism, which it also promotes. International trade requires international traders, and international traders are transmigrants' (Dana, 2007, p.7).

Portes (2003) provides clarity to the theory and framework with a series of conclusions which he suggests have reached a consensus in the academic literature. Firstly, transnationalism is not altogether new but rather a new perspective with which to view the changing state of migration. Second, it is a bottom-up activity along with other grassroot movements engaged in global activities. Further, transmigrants are a subset of immigrants defined through transnationalism, and not all immigrants are transnational even in an age of globalisation of communications and travel. Transnationalism varies among immigrant ethnicities and motivations or migration, meaning each migrant or wave of migration must be understood as a set of its individual conditions. Lastly, and most importantly relating to the work here, the economic impact of transmigrants may be significant for their host and native country. This new research has taken this last concept a step further to understand the economic impact transmigrant ethnic entrepreneurs have on local revitalisation in the host countries.

Transnational ethnic entrepreneurs are transmigrants engaged in self-employment businesses that operate within two or more nations in which the transmigrant is culturally and economically active (Portes, Guarnizo & Haller, 2002, pp. 278-298). Wong (1997, 2003) and Ng and Wong (1998) develop knowledge of transnational entrepreneurs through studies of Chinese immigrants in Canada who have migrated under the 'entrepreneur' or 'investor' visa categories, determining that transmigrants can be a source of economic growth for host nations and 'nation-

states whose interests are to link capital accumulation with their immigration policies, will continue to facilitate this movement' (1997, p. 348). This sentiment is echoed by Iyer and Shapiro who state that 'the immigrant ethnic entrepreneur emerges as the critical link between small business and globalization and the major force behind an increasing momentum toward a market economy in the developing world' (1999, p. 108).

The transmigrant framework is important for this new research in that it can help frame global ethnic entrepreneurs as part of broader changes occurring through globalisation. Just as the second generation is likely to emulate parents who were entrepreneurs, being from a transmigrant family may also facilitate a sense of empowerment for ethnic entrepreneurs to 'go global'. In this instance, whether the ethnic entrepreneur is a first or second generation entrepreneur, being from a transmigrant family can also influence the motivation of the global ethnic entrepreneur. Explored here is how they perceive national boundaries when seeking to establish a local business with global ties. In this respect, this new research expands on the theory of transmigrants.

4.4.8 Generational ethnic entrepreneur research

There is a body of work addressing second generation immigrants in education and in the workforce (Kao, Vaquera & Goyette, 2013; Suárez-Orozco, Yoshikawa, Teranishi and Suárez-Orozco, 2011; Dustmann and Glitz, 2011; Dustmann, Hatton and Preston, 2005), but less work has been conducted on second generation entrepreneurship and, furthermore, very little comparing first and second generation entrepreneurs (Masurel & Nijkamp, 2004; Rusinovic, 2006; Sharma, 2013). The latter is briefly reviewed here.

Masurel & Nijkamp (2004) sought to draw out the differences in first versus second generation ethnic start-ups. Primarily, they wanted to explore whether the motivations for choosing self-employment varied between the two. They hypothesised that there would be more 'push' factors related to first generation entrepreneurs and more 'pull' factors for the second generation. The former are those factors which push an individual out of necessity to choose a certain path and

behave in a certain manner, whilst pull factors are those which an individual may find appealing or wish to pursue. They outlined nine factors in total. They identified first generation push factors are likely to be: unemployment, discrimination, blocked promotion, non-transferability of education and skills, and desire for high socio-economic status; followed by second generation pull factors as: a need for economic achievement, new market opportunities, striving for independence, and using special talents ((Masurel and Nijkamp, 2004, p. 272). However, 40 surveys with Turkish ethnic entrepreneurs in Amsterdam revealed that the difference in motivations between the two generations was minimal. In addition, the pull factors resonated more with the second generation while the push factors showed no distinction between the two generations. They found that the first generation was slightly more concerned about discrimination, transferability of education and desire for higher socio-economic status, and the second generation was slightly more concerned about blocked promotions.

In his study of 110 first generation entrepreneurs and 128 second generation entrepreneurs in India, Sharma (2013) studied the propensity of second generation Indian entrepreneurs to follow in their first generation entrepreneurial parents' footsteps. The characteristics surveyed included: motivation for achievement, locus of control, meta-cognitive ability, need for dominance, passion for work and self-efficacy. Sharma also analysed the second generation data along gender (males versus females) for 40 females and 88 males. In this study, the entrepreneurs were indigenous rather than migrant. Sharma's results were similar to those of Masurel & Nijkamp in that there was no statistically significant difference from the first generation to the second, or between men and women second generation participants. The need for dominance tracked only slightly higher in the first generation and the passion for work tracked slightly higher in the second generation. These two studies begin to reveal that the motivations of transmigrant and second generation entrepreneurs are not yet fully understood.

Lastly, Rusinovic (2006), in surveying first and second generation immigrant entrepreneurs in the Netherlands, found that while the first generation maintained their transnational business contacts at a rate of 49%, the second generation maintained transnational business contacts at a rate of 35% which, while lower, was

still important in maintaining a transnational network for business. She concluded that second generation entrepreneurs are actively engaged in transnational activities, although at a lower rate than first generation ethnic entrepreneurs. In addition, she found that second generation transnational ethnic entrepreneurs were also likely to be involved in other transnational activities (p. 134). This aligns with the theory of transnationalism in which concepts of ethnicity and nationality are re-framed in the case of transmigrants. It also correlates in the UK to the recent generation of young people raised within the EU having a concept of nationalism where Europe is integrated with the right to travel, live, work and study freely.

This new research builds on and is different from the previous work: firstly, in that there is little research in this area and, secondly, in that it studies the characteristics and personal motivations of transmigrant ethnic entrepreneurs together with their sense of empowerment to take their businesses global. It considers, both qualitatively and ethnographically, whether being a transmigrant, particularly a second generation immigrant, not only increases the likelihood of being an entrepreneur but also of being a global entrepreneur, and whether their businesses play a role in local economic activity.

4.5 New research

In looking at the impact of globalisation at the local level and the changes in behaviour of local elected officials, the question arises as to the participation of ethnic entrepreneurs, who have set up global companies, and their contribution to local economic growth. To understand this question, existing models of ethnic entrepreneurship are reviewed to see if a lens exists with which to view and explain this activity. Through this lens, the motivations and behaviours of local ethnic entrepreneurs engaging in this activity will be examined and will be determined, and the cross-over with local elected officials also operating on the global level can be determined. This is accomplished through in-person qualitative interviews with local ethnic entrepreneurs in and around London's boroughs to explore the questions of why and how they 'go global'. This section addresses three key areas of new research including the construct of a dyadic lens from existing models, similar to the

framework used in the previous chapter to examine local elected officials, by outlining activities of agency through postnationalism, followed by structure through transmigration and then, finally, making a comparison of behaviours and perceptions of ethnic entrepreneurs and local elected officials.

4.5.1 Methodology

In-person interviews were conducted with five ethnic entrepreneurs, from three London's inner boroughs: Hackney, Westminster, and Tower Hamlets. Interviews ranged from 45 minutes to 90 minutes. As part of the broader research project and interviews, these five ethnic entrepreneurs enhance the interviews of the local councillors by showing how, in the three case study boroughs, a form of economic growth may occur. The interviews were selected to be informative and representative (not definitive) of a wider group of ethnic entrepreneurs specifically building companies that are in new economic areas engaging in a global market. The interviews provide insight into how the relationship between a local entrepreneur and the global economy may manifest and why. The entrepreneurs who were interviewed were a mix of first and second-generation businessmen involved in new economic sector start-ups including, technology, finance, medicine and fashion. The participants' ethnicity included Asian, Indian, Spanish, African and mixed backgrounds. Participants were asked three general questions in unstructured interviews:

1. How does your background and ethnicity influence who you are today as an entrepreneur?
2. Why did you choose to become an entrepreneur as opposed to a job with more security and less risk in the general workforce?
3. Why do you operate your business on the global level and what does that mean for you in various cities and countries?

The data from the interviews is integrated into the three case studies in the following chapter.

The existing frameworks described above provide a lens with which to view the phenomenon examined here, specifically in the dyadic combination of agency

and structure. Soysal's postnational migrant theory provides us with a lens to view the changing behaviour its impact on the local polity where ethnic entrepreneurs have not only become polity participants but, in some instances, are viewed as directly wielding economic power that can contribute to local revitalisation. Second, the **structure** of transmigration, as a set of global processes enabling business growth through networks, leads many ethnic entrepreneurs to intuitively build global businesses from the start. These transmigrant entrepreneurs have a global viewpoint, global contacts and an interest in participating in the global market as well as global civic life.

4.5.2 Postnationalism and agency

Firstly, the agency implications of postnational ethnic entrepreneurs as it relates to their motivation and identity are examined. The concept of postnational participation in the host polity provides the perspective through which to analyse current activity and motivations associated with ethnic entrepreneurs participating in global business activities at the local level.

Using this lens, three key themes emerge over the course of the interviews:

1. The participants describe that their desire to be an entrepreneur is linked to an disposition to 'create';
2. First generation immigrants connect strongly to their ethnicity as a primary part of their entrepreneurship, whereas the second (and later) generations see their ethnic identity as secondary to being an entrepreneur;
3. They express a strong desire to participate civically in London and to have a local and social impact with their global businesses.

The disposition to create

The desire to build something from scratch, to create something of your own making from what resources you possess or are able to gather is a challenging and potentially rewarding endeavour for a businessperson and may involve a high level of

personal risk. The financial reward alone is generally not enough to drive participation and is usually accompanied by individual personal reward and an intense disposition to create something of one's own making.

One entrepreneur interviewed for this research (Interviewee 001, personal communication, 2014) in the financial-technology industry, said his motivation was to "create something; not solely make money. To make something out of nothing is an expression of creativity in the same way as an artist creates a painting from a blank canvas. In corporate jobs you cannot always be creative. It is about personal growth". Additionally, he connected the instinct to create with the ambitiousness of being transmigrant. "Immigrants take themselves out of a comfort zone and go somewhere else. So by the virtue of this they are ambitious. Non-ambitious people generally won't be migrants" (Interviewee 001, personal communication, 2014).

Delaney (2004), in writing on what she sees as an opportune moment for business women to break into a global market place, outlines several critical characteristics that will enable the activity. Her preconditions are readily transferable to ethnic entrepreneurs also seeking the global marketplace, for example 'A global entrepreneur must be comfortable with change' (p. 62). Most immigrant families, even second and third generations, are quite familiar with change as they settle, assimilate or acculturate in a new country. 'A global entrepreneur must be adaptable, take risks and innovate' (p. 63). Much of the baseline immigrant entrepreneur literature (Kogut and Short, 2012; Borjas, 1986; Clark and Drinkwater, 2000) demonstrates that immigrant entrepreneurs choose self-employment, business ownership and niche markets as a tactic for employment. 'A global entrepreneur should have travelled to at least one foreign country and stayed for several weeks with a native family and desire to return' (Delaney, 2004, p.66). By definition, immigrant families have travelled internationally and may possess a high level of cross-cultural adaptability skills – meaning an understanding of how to live and interact in not only two different geographic places but between two or more cultures. Immigrants often reside at and navigate between the intersecting borders of different groups of people with varying national, ethnic and cultural backgrounds and habits, providing some with an opportunity to develop those skills (McMahon, 2015).

Farfetch.com is a fashion-technology start up founded by CEO Jose Neves, a Portuguese native, born and raised, who now divides his time between London as his home base whilst constantly travelling the globe to build a larger fashion network for his company. The company 'is a global community of over 300 visionary fashion boutiques offering an inspirational shopping experience to fashion-forward consumers... located everywhere from Paris, New York and Milan to Bucharest, Riyadh and Seattle, but united in one e-commerce website' (Farfetch.com, 2015).

Neves (personal communication, 2014) opens the phone interview with an animated conversation of his youth in Portugal and a broad network of friends who subsequently also left the country but with whom he maintains contact and now uses to help build his company in various global cities. Neves stated that he had two main motivations for being an entrepreneur: firstly, from a very young age he wanted 'to create things, and build stuff' and, secondly, he likes to connect with people from all over the world. He has a strong propensity to innovate and take risks. He is constantly travelling to connect personally with various small fashion designers around the world with whom he can partner in his business venture, thereby displaying a high level of cross-cultural adaptability skills leading to the international success of his business. Reflective of the findings by Oxford Economics (2013), he is constantly adapting and changing his business model to meet global market demands in a fast paced international business environment.

The ethnic entrepreneurs who were interviewed had all established multiple companies over their professional history and each one was able to detail what their next venture would entail. Each new venture was a global business that was based in new economic sectors. Steph, CEO and founder of The Social Innovation Partnership, is the son of a Ghanaian father who built his own import/export company in Ghana and then subsequently moved his family to London. Bediako has built a global evidence and evaluation business in the four years since founding the organisation. As a young black man in London, Bediako's background as a second generation immigrant, and having an immigrant global entrepreneur as a father, may have influenced and enable him to break a generally detrimental cycle of young black men in society.

Whilst this initial venture is still in its formative years, Bediako is already setting up 'sister' companies in evidence and evaluation digital platforms as well as offshoots pursuing global corporate partnerships with entities such as Google, Jaguar and Experian. Bediako specifically positions new ventures as partnerships with the corporations rather than establishing consultant or sub-contractor roles. The distinction between partnership and sub-contractor in this context may be more conceptual rather than a legal arrangement but reflects Bediako's thinking that his company adds value through being situated alongside global companies rather than below (Bediako, personal communication, 2015).

All the global ventures under consideration by the interviewees are businesses that connect global communities to local people and local markets. In each one there exists an element of personal interaction and communication that is valued more than a digital interaction. For example, Neves not only wants to create a global network of boutique fashion designers and a portal for them to interact with within a broader global marketplace, he also wants to bring that portal right back down to the local level and to interact with local markets. Instead of online purchasing from fashion designers located around the world, he connects those designers and retailers with each other so that they all can receive and deliver goods and services from each other: this means the end-buyer still walks into a store on their high street, if they choose, to try on, purchase or pick up their purchase from a supplier in a different country on a global network. The uniqueness to Neves's model is that rather than fashion designers and boutique owners around the world competing against each other for online business in which they attempt to 'win' business and the right to ship their product to a customer, they instead create an interdependent model in which they band together, via farfetch.com, to facilitate and enable each others business as well as allowing their physical locations to be used by customers purchasing a product from another farfetch.com fashion boutique.

This desire to operate on a more global rather than local or national level, was also expressed by the financial technology entrepreneur interviewed (Interviewee 001, personal communication, 2014), whose next venture seeks to improve the way money is transferred between transmigrant families using a new

mobile technology he has developed. As in the examples already given, this makes the global financial markets extremely relevant and tangible to local communities and people – as the movement of money internationally has an immediate local effect on the families it aids as well as an impact on global financial markets.

Neves indicates that his instinct to create entrepreneurial global companies also includes a problem-solving capacity of making the global more local rather than making the local more global. He talks about his view of the early days of globalisation in the 1990's when there was a fear that globalisation would lend to mass anonymity and loss of personal interactions. People marched in the streets to protest mega-corporations that were poised to monopolise global markets and individual freedoms. However, Neves talks about what he sees as an unexpected outcome for him as a local and global entrepreneur where globalisation has actually led to more personal and local connections among people, especially local business people all across the globe, and has thus facilitated innovative new uses of internet technology and personal global connections, as the type embodied in farfetch.com. As a result, these local-global entrepreneurs are collectively fulfilling their desire to create, while grounding it in a desire for a vibrant local economy and community. This type of activity can also be viewed through Cerny's (2010b) theory of transnational neopluralism in which the barriers to global participation are more easily overcome in an age of technology and high-speed transportation. The ethnic entrepreneurs in this research expressed an almost nonchalant attitude toward national boundaries as they seek to create a more locally connected global marketplace.

Ethnic Entrepreneurs and generational identity

There are distinct differences between first and second-generation ethnic entrepreneurs in relationship to their self-identity as an entrepreneur (Masurel & Nijkamp, 2004; Rusinovic, 2006; Sharma, 2013). This new research is focused more on the identity of entrepreneurs who are first or second generation immigrant rather than relating to the profession of their parents. The issue is two-fold. Firstly, how does the entrepreneur identify him or herself in terms of their ethnic plus business

identity and, secondly, what is their connection to their ethnic community, both at home and abroad?

While representatives interviewed of both generations satisfy the criteria for transmigrant, the first generation entrepreneurs that I interviewed all proudly describe themselves as ethnic entrepreneurs, both in conversation and print. For example, the financial technology entrepreneur promotes himself as an Indian entrepreneur in his industry, garnering awards for his work and recognition from other ethnic leaders. In describing himself and his identity he states:

It's my roots. I was born and brought up in India and it is always a great feeling to be recognised by the community because there is a strong sense of belonging. I have not detached myself from India, I will never be able to do that, and I don't want to be detached. I maintain the relationship with the Indian community here in London, my relationship with India and my relationship with the UK. If I can be a little bridge, that can help bring UK and India closer in a trade sense, I am happy to play that role (Interviewee 001, personal communication, 2014).

Concomitantly, when Rajeeb Dey, founder of Enternships and a second generation immigrant whose parents came to the UK from Calcutta, reflects on the ethnic aspect of entrepreneurship, he comments, "I don't think about it much. It's not something I am proactively involved with in any way. The Asian business press has picked up on what we are doing and TiE [The Indus Entrepreneurs]. But I feel more connected to other start ups and the tech community" (Dey, personal communication, 2012). On the Enternships website, a significant number of young, global entrepreneur awards are prominently displayed but Mr. Dey's ethnicity is not referred to on the website in any capacity or in the contributions from other ethnic organisations or leaders. Mr Dey does not mean this to be a negation of his ethnicity, nor to imply that he is in any way not proud of his Indian heritage – it is more a reflection of his belief that he feels he is foremost a young global entrepreneur and leader and second an Indian entrepreneur. Mr Dey's comments raise an area worthy of consideration which is the extent to which the entrepreneurs are successful because they are in a global city and participating in a community of other start-ups as opposed to or in addition to how much their background as ethnic entrepreneurs are lending to their success and adding value to the local economy.

The five interviews here present an indication of cross-over between the two and encourages further study in which the two distinctions can be drawn out

A further area of interesting research could involve an analysis of age of second-generation ethnic entrepreneurs (and beyond) and their historical connection to growing up in the EU with Maastricht Treaty rights for freedom of movement. The question arises as to whether young entrepreneurs within the European Union position themselves differently in a global economy as opposed to those with more restrictive international travel and rights. The initial interviews here indicate that younger entrepreneurs in their 30's have more of a 'citizen of the world' identity rather than a narrowly defined primary ethnic identity. 'For many younger entrepreneurs, however, the business-support needs deriving from ethnicity may be increasingly difficult to distinguish from the needs of entrepreneurship in general' (Barrett, Jones & McEvoy, 2003, p. 121). This is especially true of ethnic entrepreneurs who are working in new economic areas and outside of the previous narrow ethnic niche markets. Soysal's concept of postnationalism is expanded on and can aptly be applied here in that second generation immigrants participate both economically and socially in their host polity, native polity and in new geographic areas now accessible through access to global cities.

As young entrepreneurs become more fully entrenched in the knowledge-based economy, they may no longer want, or feel the need, to identify themselves through ethnicity but rather through other commonalities of businesses sector or education level. Dana, Korot and Tovstiga (2003) reinforce this notion:

In today's world, the traditional factors of production have given way to knowledge as the driving force behind wealth creation. There is a new transnational elite, based on knowledge. We recall that the royal family of Elizabethan England had more in common with that of Spain than with English-speaking serfs. Along the same lines, we note that the MBA graduate in Spain shares more with the MBA graduate in England than with the sheep farmer in the Pyrenees (Dana, 2000, cited in Dana *et al.*, 2003, p. 183).

Barrett *et al* (2003), reflecting on the research findings of Jones, McEvoy and Barrett (1992), take the research further in explaining that for ethnic entrepreneurs, 'breakout is seen principally as a matter of market reorientation on two dimensions:

first a shift away from co-ethnic customer dependence into mainstream markets, and secondly a move from localized to spatially unbounded markets' (p.115). Similarly, Dyer and Ross (2007) present evidence for this shift: having surveyed 140 ethnic business owners in Montreal and Toronto, they found that of the respondents, only 30% belonged to any form of ethnic business association. However, 51% indicated that they did belong to general professional business associations.

There may be two possible conclusions from this data when considered alongside the interviews conducted herein. Firstly, there is a distinct difference between the identities of first versus second generation ethnic entrepreneurs which was evident in the interviews. However, a second possibility that would require tracking over a longer period of time is that as globalisation and freedom of movement increases, more ethnic entrepreneurs - regardless of generational status - may begin to see themselves from the transmigrant, 'citizen, or businessman, of the world' perspective. This line of reasoning is expanded on further in the section below on structure and transmigration.

Civic participation

As postnationalism relates to migrant participation in the host polity and the rights it bestows, it provides a useful and interesting lens through which to view an additional phenomenon of ethnicity, including ethnic entrepreneurship. The theme of civic participation frequently arose in the interviews conducted for this research with both first and second generation ethnic entrepreneurs. Everyone interviewed was running for-profit companies and no interviews were conducted with heads of charities or not-for-profit organisations. However, every interviewee indicated a strong desire to participate in civic society and community building initiatives in London through their businesses, indicating a correlation to Soysal's postnational theory. This initial finding indicates that those ethnic entrepreneurs building global companies and participating in transnational and transmigrant business networks are also embedded in and working for the improvement of their local context.

In addition, first generation ethnic entrepreneurs also indicated a desire for civic, community and philanthropic participation in their home country. A majority of

the interviewees indicated an interest in electoral politics, although they were unsure whether they would stand for an elected official position. Their interest resided more in participating in the political process in order to influence policy areas of importance to them. Two interviewees expressed a direct interest in participating in party politics. However, more frequently, the interest lay in civic participation that was not directly linked to direct political involvement. Several of the ethnic entrepreneurs referred to their companies as social enterprises, reflecting that a portion of their revenue, generally between 10-30%, was earmarked for reinvestment into their local community. Those who did not describe themselves as leaders of a social enterprise still indicated a desire for their company to have social impact of some kind. All of the participants sit on boards for local charities or businesses, are involved in youth initiatives, mentor other entrepreneurs, sponsor local sports teams or participate in charitable events. However, only first generation ethnic entrepreneurs indicated that they directed funds to charitable organisations in their home countries.

For example, first generation British-Pakistani entrepreneur Shahid Azeem, based in Surrey, currently owns a local football club, an IT company and a telecom company which has established offices in six countries. He is involved in government policy, higher education and religious initiatives across the UK and has been named one of the UK's most influential Muslims. In addition, he is an active philanthropist in both the UK and Pakistan, including contributing to the Surrey Law Centre, Sporting Equals, the British Pakistan Foundation, the Mosaic youth charity and local Rotary Club. Mr Azeem credits his philanthropic and entrepreneurial drive to his Pakistani grandfather and immigrant roots (Duffell, 2014).

4.5.3 Transmigration and structure

Transmigration and the proliferation of more affordable international transportation and communication channels help to position ethnic entrepreneurship within the structure of transnational neopluralism (Cerny, 2010b). With multiple points of access to the global market and cross-cultural adaptability skills and networks, ethnic entrepreneurs are in a unique position to leverage global

businesses for local economic benefit in their host polities. Research has collected evidence that begins to point in the direction of ethnic entrepreneurs as economic drivers for local vitality (Ram & Jones, 1998) but has yet to analyse the structures and interactions or to define the outcomes on local economies placed within a broader political structure. Nijkamp, Sahin & Bayan-Levent (2009) have undertaken research that provides stronger evidence, but approach the topic from the ethnic entrepreneur's perspective of being pro-active in new economic sectors rather than the global economy and transmigration facilitating global-local ethnic entrepreneurs. Deregulation and a decline in manufacturing in the UK have led to an exponential increase in ethnic entrepreneurship by people facing tougher barriers to employment. It is now these same ethnic entrepreneurs, or their children, who are creating small global businesses leading to a revitalisation in some of those very same declining areas.

The intersection on the global level through transnational neopluralism has been enabled at the state level by the shift from the welfare state to the competition state, thereby also physically shifting the focal point from which economic development is derived. 'As nodes of accumulation, global cities are sites of post-Fordist forms of global industrialization; as coordinates of state territorial power, global cities are local-regional levels within a larger, reterritorialized matrix of increasingly 'glocalized' state institutions' (Brenner, 1998, p.1). It is this transition that is offering an opening to entrepreneurs who can take advantage of global cities to create 'born global' organisations operating from their first day at the local and global level. Ethnic entrepreneurs, as those who self-identify to a migrant group through a common background or cultural experience and, as a business owner, leverage that background and experience to take risks, work internationally and seek a value added perspective, are in a unique position to leverage their transmigrant networks to influence local economic development.

Furthermore, Wong's case-study work (1997) on the contribution from immigrant businesses to the re-building effort in Los Angeles after the 1992 race riots begins to unveil immigrant impact on urban regeneration as a specific and important component of local economic policy. While she examines immigrant business development in a very precise circumstance (a city that faced destruction of

economic infrastructure due to fire, looting and rioting over a short period of time) the rebuilding process may provide insight into the value immigrant and ethnic businesses, leveraged by municipalities, can bring to bear. Wong argues, 'as consumers, entrepreneurs and workers, immigrants help develop and maintain local economies in more complex and dynamic ways than most casual observers realise. This dynamic role, which is unknown to most policymakers, is critical to any viable regional development plan' (1996, p. 76).

Through the interviews with ethnic entrepreneurs in London, the themes of local economic revitalisation frequently emerge. When asked to discuss their local businesses and global activities, three key points were revealed:

1. The ethnic entrepreneurs in the new knowledge economy sector set up their companies as global from day one;
2. They seek to align themselves or form partnerships with other businesses or global entities;
3. They see global cities, not countries, as their best opportunities for business growth.

These three areas are teased out in more detail as potential indicators in the five resulting interviews for ethnic entrepreneurs in this research.

Born global: partnerships and access

All the ethnic entrepreneurs interviewed for this research have set up local companies within the global marketplace. These companies were not started locally and then grown to expand into the global market; they were 'born global' with an intent to operate at the global level from Day One. The companies span the spectrum of finance, IT, fashion, employment and graphic design.

In the current climate of increasing globalization of economic activity, it can be very difficult for small firms to survive against the forces of global competition unless they are prepared to internationalize, to do so relatively quickly and at early stages in their development. The most successful firms are likely to be those that are prepared for action, are able to recognize potential opportunities and are able to respond quickly (Jones & Dimitratos, 2004, p.4).

Part of the reason that local businesses are able to immediately plug into the global marketplace is that they seek out partnerships or informally attach themselves to existing global corporations (Dunning 1995, Fujita and Hill, 1998). Inversely, larger companies are seeking out subcontractors that are agile, flexible and easy to redirect in a rapidly changing marketplace, and smaller firms are able to play this role more easily (OECD, 1997). Small firms can also be more than basic subcontractors and delivery agents; they can be the innovation arms of large corporates.

Medopad, is a small electronic health care information integration and accessibility business run by Dr Richard Khatib and based in a collaborative start-up workspace in Westminster. Although not formally affiliated with Apple, IBM or Google, they have been provided inexpensive or free access to these companies' hardware to pursue medical-technology solutions. Dr Khatib and his team proactively pursue relationships and access to large corporate companies, rather than waiting for these companies to pursue them. They market themselves as a low risk, value-added option with which corporate companies can safely engage. The impact of this arrangement on Medopad may take one of two paths: they may be provided high value access to needed technology which can catapult their business into the global market-place; or they may be exploited by a large global corporate which can invest little in innovation and reap a lot in the resulting products developed by Medopad. For Khatib and his team, there is no other choice than to take the risk and hope their hard work pays off. Mazzucato discusses the corporate exploitation conundrum:

The critical point is the relation between those who bear risk in contributing their labour and capital to the innovation process and those who appropriate rewards from the innovation process. As a general set of propositions on the risk–reward nexus, when the appropriation of rewards outstrips the bearing of risk in the innovation process, the result is inequity; when the extent of inequity disrupts investment in the innovation process, the result is instability; and when the extent of instability increases the uncertainty of the innovation process, the result is a slowdown or even decline in economic growth. A major challenge for the UK and for Europe 2020 is to put in place institutions to regulate the risk–reward nexus so that it supports equitable and stable economic growth (2011, p.112).

Dr Khatib's team has created a secure app for patient health records on mobile devices which can integrate records, in real time, from multiple sources including the general practice surgery, radiology unit, blood laboratory, nutritionist and others. The integration of these sources into one mobile device provides the most comprehensive and up-to-date information available to health care professionals about the patients they are treating. In addition, Medopad has created an interface where these patient records can be sent directly to Google Glass worn by physicians, therefore notifying them of changes in a patient's status, available test results or upcoming appointments. By attaching themselves through informal agreements such as 'Project Proposals' or 'Memorandums of Understanding', to corporate companies, Medopad believes it can better place itself in the global market place with a recognisable corporate partner, albeit at their own great risk. In Dr Khatib's opinion, there is no other option for him; "The problem I have described [medical records] is universal in all hospitals in the world so, if we have the solution, why not try to solve this problem of all hospitals around the world as soon as possible? You will impact people's lives, save people's lives, you have a positive social impact. It would be irresponsible to not to do it" (personal communication, 2014).

However, global companies at the local level do not have to attach themselves to corporate companies to enter the global marketplace: the global economy is already interconnected to allow the flow of business across borders or even above borders as a result of the seemingly universal shift to a competition market.

Traditionally, competition in international markets has been the realm of large companies, while smaller businesses remained local or regional in scope. However, the removal of government-imposed barriers that segregated and protected domestic markets and recent technological advances in manufacturing, transportation and telecommunications allows even the smallest firms access to customers, suppliers, and collaborators around the world. Economic growth and innovation, both domestically and internationally, are fuelled increasingly by small companies and/or entrepreneurial enterprises (Etemad & Wright, 2003, p.3).

As global markets become increasingly intertwined, they become more porous and enable multiple competitors to exploit previously protected incumbent opportunities. This means that the long-time subcontractor of a global company is potentially more susceptible to losing their contract from competition by smaller, flexible and innovative entrepreneurs from anywhere on the globe (Douhan, Norback & Persson, 2010, p. 34). Reinforcing the theory of transnational neopluralism, ethnic entrepreneurs in new economic sectors with built-in global networks and cross-cultural adaptability skills, are empowered by greater access to the marketplace to be more aggressive, pursue broader opportunities and compete against larger firms.

City hubs for global businesses

Dana, Etemad and Wright, (2004) describe the new networked economy as a modern form of the historic bazaar where interdependence can yield more value and a greater competitive advantage than independent head to head competition of larger firms. Smaller firms can build on and complement each other's businesses, attract a broader base of clients and institute flexibility, for example leveraging personal relationships for adaptable pricing options. Mr Neves of farfetch.com is consciously attempting to create a local bazaar between small fashion designers and boutiques in the virtual global space at the same time as on the local high street. For Neves and others, the international bazaar links up markets across cities rather than across countries. By focusing on cities, smaller firms can go straight to where their business will have the most impact. The market for Neves is not the UK or other countries: it is London, Barcelona, Paris and Milan (Neves, personal communication, 2014). These cities then become the physical manifestation of the global virtual bazaar, meaning the bazaar economy and actual stock is coordinated in a virtual space and then the physical product from the bazaar is delivered on the city high street.

Farfetch.com's activities align and reinforce the argument for structure made in this research and in Sassen's theory on global cities in two ways. Firstly, whilst technology means global companies can operate remotely and digitally, ethnic entrepreneurs like Mr Neve with global businesses can choose to make personal and

in-person contact with their customers rather than an impersonal online experience, even though the transaction itself remains online. In fact, farfetch.com is a unique global fashion online ordering business precisely because it digitally connects global fashion designers around the world to customers in person, directly in the shop on the high street. By creating a virtual bazaar of connected fashion boutiques, the businesses can serve their own customers in store or they can ship their product to another of the networked boutiques and the customer will then go to that store in person where they can try on and buy the product that was sent around the world. The boutiques within farfetch.com provide a reciprocal service to each other by operating both locally and globally, both online and in person. Secondly, a global online entity like farfetch.com could locate its headquarters anywhere in the world or simply operate online: however, Mr Neve chooses to maintain a direct terrestrial connection both to his home country in Portugal and his host city in London. He is active both on a business front and civically in both locations. Global cities therefore act as a hub for ethnic entrepreneurs as well as providing an opportunity to physically bring together a global community.

Entrepreneurship literature also points to the 'demise of the nation-state as the primary macroeconomic player' (Dana, Etemad and Wright, 2004, p. 3) around which all business, both domestic and international, was originally organised. Global companies now choose multiple locations for design, assembly and distribution. Ergo, 'smaller firms now have access to worldwide markets, which most could only have dreamed of a decade ago, as long as they can gain access to the requisite resources' (Dana, Etemad and Wright, 2004, p.4). In addition, Dana points to the 'demise of the firm as the primary microeconomic player' where 'increasingly, we see firms forming collaborative alliances with other firms, even with potential or actual competitors in the same industry.' (2007, p.6). Activities like this not only facilitate an opening for the small-scale international entrepreneur but also create the global bazaar of international entrepreneurs who, by their own participation, are creating a system rich in opportunities for each other. According to Neves, connecting with other global small businesses is important because "they buy with their hearts, you can create a personal connection" and in doing so add value to each other's business (Neves, personal communication, 2014).

In the financial-technology industry, one entrepreneur (Interviewee 001, 2014) admits that globalisation impacts on his business whether he likes it or not. He says that ethnic entrepreneurs have no choice but to keep abreast of new technology and commercially in line with it, and that companies that fail to do this will simply collapse. He indicates that part of the challenge is to keep an open mind and be willing to accept and do work with different people, from different cultures, and in different parts of the world. But the connection with these other people is through cities rather than the broader country or through central government. He feels that, in some cases, cities have become more important than their host countries because they are more in tune with the world. As an entrepreneur, he chooses to do business in and with other cities because he feels they are free from the bureaucracy of central government. "The sense of belonging is stronger with cities than countries. You feel like you can actually do something that you can't accomplish in central government because it is too large. Things are more tangible at the city level and turn around is quicker" (Interviewee 001, personal communication, 2014).

Neves echoes this sentiment and draws a direct line back to the idea of a modern bazaar. "For the fashion industry, it's cities that are important, not countries. It's like a return to Greek times. Cities are much more relevant when thinking about people and a marketplace in a global context" (Neves, personal communication, 2014).

Whilst Neves is using this argument in favour of a network of global cities, it has also been used as an argument against the 'world city' theory. Smith claims that the world city theory of Friedmann and Sassen misses a critical point when, at the local level, 'for better or worse, cities have different histories, cultural mixes, national experiences, and modes of political regulation of the localisation of urban space. These must be taken into account in any nuanced analysis of the localisation of processes. Their absence weakens the usefulness of the global cities thesis' (Smith, 2001, p. 51). And yet, this is exactly why Neves says that world cities are important to him. It is the unique aspect and component of each city; its people and culture that allow him to create a virtual global bazaar with local links and to market a product that currently does not exist.

4.5.4 Have we met? Local elected officials and ethnic entrepreneurs

In some areas, local elected officials are taking to the global stage to seek solutions to local economic issues. Concomitantly, and as explored here, local ethnic entrepreneurs are also creating local businesses with global reach. Research previously reviewed here has shown that a healthy SME community can contribute to local economic regeneration. In assessing the agency and structure of local elected officials, this section will compare and contrast these activities with the agency and structure of ethnic entrepreneurs.

For the last 30 years, local municipalities have sought to address the void left by the shift from a welfare to a competition state by testing various models for local economic development, going through their own transformations and experiments. Due to the loss of government funding, areas with transformational leadership and legislative-activist structure have tested programmes and funding models that are either based on unique partnerships; contracting out-of-city services; spin-off for profit services; corporate investments; EU grant funding; international business arrangements; or other innovative funding mechanisms. When looking at large scale or long term economic development plans in a local area, these initiatives and funding models seek to be aligned with the structure of the modern economy, for example, light manufacturing, new energy innovations, IT, Medical-Technology solutions, and various knowledge industries. By seeking out creative partnerships to support local economies and by focusing on new economic sectors, the nation-state no longer acts as the 'first stop' for local officials to advocate for their areas on these issues. For example, if a local area decides it wants to build up and invest in their infrastructure as it relates to in the area of innovative alternative energy manufacturing, it no longer goes solely to the nation-state to seek federal assistance, funding and planning. More frequently, local representatives now partner with local private funders, corporate partners, or collaborative business structures and then seek the global marketplace to brand, market and recruit the necessary industries, entrepreneurial businesses, and skilled labour.

Some areas set up these economic development innovations as 'clusters' around specific industries and resource bases to support and participate in global cities. 'Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g., universities, standards agencies, trade associations) in a particular field that compete but also cooperate' (Porter, 2000, p. 15).

Sheffield and Leeds are leveraging their universities and hospitals as well as the NHS northern headquarters to create a medical technology and research cluster. In London, the growth of 'Tech Alley' has not only been built on the back of a global city and IT economy but is also physically positioned to align with investment from London 2012 Olympic Development:

Nestled within the East London blocks adjacent to the new 2012 Olympic stadium, companies like Tweetdeck, the highly-popular social media browser, and Songkick, the largest global database of concerts in the world, call Tech City home. And with active support from major global technology companies like Cisco, Intel and Google, East London has cemented its reputation as a globally-renowned technology hub. London's Tech City has opportunities for companies of every shape and size, from budding entrepreneurs in technology incubators around the East End areas of Old Street and Shoreditch to major facilities in the Olympics Park available post-2012. For start-ups, Tech City offers access to the largest venture capital scene in Europe and the presence of like-minded innovators (Lopez, 2012).

However, making programmes and opportunities available and really understanding the needs of entrepreneurs, including ethnic entrepreneurs, are two different things. As often found in the political realm, when not handled tactfully, even the best intentions can breed distrust among those it is meant to support, especially when the entity in question is central government. Tech City UK is funded to foster, grow and help fund the digital business foundation in London. However, many of the entrepreneurs themselves feel they are not clear who is running the initiative and what their motivations are. Recently, Alex Wood, editor of Tech City News reported that 'Tech City UK remains one of the most secretive public organisations in Britain' (2013) when they failed to disclose their financial records and plans.

Enternships, founded and run by Rajeeb Dey, is one of the Tech City start-ups. Mr. Dey feels there is no real, tangible interaction or support available from government, either local or central.

I think it is our own tech plus being near a global city with access to global talent that has helped Enternships succeed. It is the technology itself that has enabled our company to go global, with no help from government. Enternships is now a global company, pushing into Europe, and constantly approached by companies abroad, Middle-East, and South Africa (personal communication, 2012).

Dey feels that the politicians are happy to tout Tech City UK in their public relations efforts but that they have no real understanding of the industry and what support is needed for these local-global start-ups (Dey, personal communication, 2012). 'The key element that must be grasped by both governments and support agencies is that most clusters [...] form and develop not through the actions of any government but by a random combination of locational factors or advantages' (Brown and McNaughton, 2003, p. 120). It is these factors, location and advantages, that ethnic entrepreneurs feel they need to capitalise on.

Dr. Khatib of Medopad says unequivocally that, in his view, local elected officials are not supporting or coordinating efforts with entrepreneurs in this space. "The short answer is no," says Khatib (personal communication, 2014) although he adds that positive expressions of support are being talked about in government and that they are thinking about ways to improve that support, but that this has not been translated into anything tangible for local entrepreneurs. He believes they have good intentions but with no understanding of what entrepreneurs need and have therefore not provided any real assistance (Khatib, personal communication, 2014). Dr Khatib said that Medopad has unsuccessfully applied several times for government small business grants for companies that are working in the medical technology field; the process has been so daunting, with such little payoff, that it is not worth spending precious employee time and effort on the applications.

Ram (1998) outlines four areas of assistance that he believed were available to local ethnic firms:

1. Enterprise Agencies: these were replaced by the 2010 budget legislation by Local Enterprise Partnerships (LEPs) which are partnerships between local authorities and local businesses
2. Training and Enterprise Councils (TECs) which were abolished in the 2000 budget legislation and are no longer in operation
3. Business Links which were eliminated in the 2011 budget
4. Local Government, whilst still in existence, local governments are facing severe and ongoing budget cuts

When Ram was conducting his research in (1998) he found that most entrepreneurs either did not know about the four support programmes above or did not pursue them for a variety of reasons, including the complexity and bureaucracy of the application process. The interviews conducted here indicate a similar and ongoing problem: if new or helpful programmes exist, ethnic entrepreneurs either do not know about them or choose not to pursue them. The overriding sentiment seems to be that help does not exist; that they will not get help from elected officials; and that they need to build their businesses on their own or in local business networks. Khatib feels that he does know about some potential support mechanisms for small businesses like his but that in the end the assistance never comes through, “I do see a lot of positive things happening with this government and think they are looking for ways to improve, but, we have applied for many, many grants and funds and received “not a single penny of assistance, support, access or money has been given” (Khatib, personal communication, 2014).

It should be noted that some local elected officials feel that they are providing access to opportunities, if not direct assistance. As highlighted in Chapter 3, the Hackney Councillor, Guy Nicholson, took a delegation of councillors and local businesses to an international business conference in 2013 to encourage investment in the borough. Nicholson explains and defends his activities by saying, “Our approach to growth in east London is to use local government and the business community, which is led by SMEs, to generate social and economic prosperity. If this means engaging in foreign travel to expand our reputation and generate trade, so be it” (Nicholson, 2013). While this was not an established local government assistance

programme, it highlights efforts by local elected officials to think 'out-of-the-box' and to pursue opportunities which are currently not being provided by central government.

There appears to be several disconnects in the system. Primarily, not all local elected officials are actively pursuing programmes or supporting initiatives with local entrepreneurs, ethnic or otherwise; and, in those areas that are attempting to support local businesses, the local business community may either not be aware of the programmes or do not take advantage of them.

Comparing structure and agency in ethnic entrepreneurs and transformational local elected officials

In looking at the impact of globalisation at the local level, both local elected officials and ethnic entrepreneurs portray structure and agency with similar and reinforcing characteristics. This section draws comparisons and contrasts in the agency and structure between ethnic entrepreneurs and local elected officials.

Across the course of interviews with both groups, three general themes emerged:

1. The agency of each is similar and reinforces each other along the lines of motivation and representation
2. The structure of each is similar and reinforces each other along the lines of transnational neopluralism, transmigration and global cities
3. Although both agency and structure is similar and may reinforce each other, there is very little active coordination or interaction between ethnic entrepreneurs and local elected officials and, at times, there is a significant amount of distrust of local elected officials by ethnic entrepreneurs

Within agency, the transformational local elected officials studied here indicated that they were motivated by a political drive or instinct. Within these activities, they feel they are representing either their political party specifically, or a broader set of global ideals and issues. Whilst still very committed to serving their constituency, their motivation is to advance their political party, or their role within it, whilst addressing seemingly intractable societal problems. They want to make a difference through helping people and they feel their activities on the global stage

have positive implications for both their constituents and the population in general, for example, by mitigating the harmful impact of climate change on the health of children in Hackney whilst helping to combat the issue globally. Similarly, the agency of the ethnic entrepreneurs interviewed here, embodied by postnationalism, indicate similar idealistic and civic motivations. They were particularly driven by an instinct to create: to create businesses, global networks or personal connections. They want to create global businesses that bring people together from around the world. They use their business agenda to facilitate a level of representation at both the local and global level. Locally, they use their influence to participate in civic agendas, either those connected to their ethnic community or the issues in which they invest. At the global level, some leverage their networks and connections to reinvest and support their community in their host country, although this was more prominent in first generation ethnic entrepreneurs than second generation. The level of civic engagement also manifests itself in forming businesses as social enterprises in which a portion of their profit is directly reinvested back into the local community. Whether at home or abroad, they connect with people in a personal – rather than virtual - manner.

Stephen Bediako from The Social Innovation Partnership established his company as a social enterprise working on youth and criminal justice policy because he wants to have a significant impact in improving the lives of London's youth. As a child of Ghanaian immigrants who lost his parents at an early age, Stephen himself had a difficult childhood. He acknowledges that his life could have gone in a very different direction, involving crime and gang involvement. But with support and mentoring from other successful black entrepreneurs allowing him to the potential of his life, Stephen now has a Masters degree from the London School of Economics and a very successful consulting company advising local government on policy and crime issues. Because of this background, he established a company that chooses its clients and contracts by their degree of positive social impact, rather than their ability to generate profit. Having a positive social impact is a top priority for Bediako and a reoccurring theme amongst the entrepreneurs interviewed here.

Their view of 'positive social impact' is represented by Goodman:

Welcome to the world of impact entrepreneurship, which places as much importance on socially conscious activities as on profit. With consumers increasingly weary of perceived corporate greed, companies peddling products and services that tackle societal and environmental ills are gaining a following. Incubators aimed at impact entrepreneurship are sprouting up. And investors are warming to the do-good trend (2013).

As a social enterprise, The Social Innovation Partnership directs a portion of its profits back into social programmes that are helping to improve the lives of London's youth. Both transformational local elected officials and ethnic entrepreneurs in this research displayed a high level of desire to have a positive social influence through their work – especially as some of the entrepreneurs interviewed here, like Bediako, are keenly aware of the inequalities faced by immigrants and minorities, especially in London. “I feel that I have been given an opportunity that most young black men just don't get, particularly those with an immigrant background. I have been able to achieve something and so I really feel like I also need to give something back” (Bediako, personal communication, 2015).

Transformational local elected officials operating in legislative-activist structures have gained access to global networks through global cities, an activity conceptually represented as transnational neopluralism. Ethnic entrepreneurs also operate through a system of global cities, rather than countries, to target their markets. Furthermore, both actors are engaged in forms of global networks, both as individuals and as members of groups. Local elected officials are joining together with their peers in global networks to address, amongst others, issues of education, transportation, climate change and terrorism. Ethnic entrepreneurs are building clusters of partnerships at the local level, akin to the historic concept of a local bazaar. The entrepreneurs connect to each other both to broaden their scope and scale but also to connect themselves to global corporate companies. Similarly, both ethnic entrepreneurs and local elected officials are promoting themselves as individuals on the global stage. In the interviews conducted here, both sets of actors provided examples in which they personally engaged in forms of public diplomacy outside their host countries.

By capitalising on the new economic industries in and around global cities as well as joining networks of global cities around the world, local elected officials have

helped places like Hackney gain economic traction and promote interest on the global stage. In an article in the Hackney Gazette (Bartholomew, 2015), a spokesperson for Hackney City Council reported that 'over the last two years, Hackney House Austin generated an estimated £18m of investment from a range of businesses whilst enabling the borough to forge close working relationships with Austin and the Norwegian capital Oslo that was celebrated last year with Oslo meets Hackney 14'; meaning that the participation in a global technology conference in Texas (USA) has helped Hackney to form businesses relationships with other countries, Norway in this case.

A formal agreement between Hackney and Oslo, the MOU symbolises a long-standing collaborative relationship in trade and investment, promoting tech and creative industries, raising the awareness of business investment and support opportunities, exchanging knowledge and best practice and helping to boost the growth and success of small businesses (Hackney City Council, 2015).

Similarly, ethnic entrepreneurs use global cities as their hubs for business, both creating virtual and in-person local marketplaces with global reach. Ethnic entrepreneurs have been able to leverage their status as transmigrants to build economic bridges between their host country, home country and throughout their global networks. Mr Neves, CEO of farfetch.com, says that he intentionally uses his global contacts and his lifelong instinct of meeting and connecting new people to build an international business base for his company.

Despite the similarities and reinforcements of their activities and methods, this research found little coordination between local elected officials and ethnic entrepreneurs. At a minimum, there is inclusion of some SMEs in business attraction efforts; for example, when Hackney and several local businesses attended the South by SouthWest Technology Conference in 2014 to promote both their local Tech City and local businesses. However, in most interviews, local elected officials failed to make a strong connection between their work at the global level and facilitation of local entrepreneurs' work at the local level. Similarly, local ethnic entrepreneurs, although civically minded, had no interest in engagement with local elected officials and, at times, expressed distrust and frustration with programmes to support local

businesses. Dr Kahtib of Medopad says he no longer pursues any government support for small business and does not seek assistance from local government because the bureaucracy involved tends to outweigh any potential benefit. At times, local ethnic entrepreneurs were unaware of the benefit they could or actually were receiving as a result of local government efforts. For example, Medopad operates out of a social enterprise incubation office with access to resources and networks which were funded by Westminster City Council in collaboration with a partnership of private investors.

Blake (*et al.*, 2008) in their research of three local authorities (Coventry, Oldham and Newham) identify that within immigrant communities, the local councillor is where the power and resource lies for immigrant integration and solutions at the local level.

Issues of democratic deliberation, voice, representation and accountability raise questions about the connections between participative and representative democracy, the role of elected councillors and the continuing relevance of party politics. The traditional route to power and influence through joining or lobbying political parties remains one way in which new communities can engage and express their needs. But this takes time and impacts more in second-generation migrant communities. Councillors are nonetheless central to the empowerment agenda (p. 68).

Although there are many similarities in structure and agency between local elected officials and ethnic entrepreneurs, there appears to be a low level of coordination between the two and, at worst, a level of distrust. Notwithstanding, their actions may be reinforcing each other in those authorities with transformational leadership and a higher level of global fluency, as in Hackney as opposed to Barking & Dagenham. The actions of local elected official and ethnic entrepreneurs are seemingly aligning at the global level and having a positive influence on local economic development.

The following chapter (Chapter 5) considers three case studies in which the agency and structure of local elected officials and ethnic entrepreneurs are revealed. The boroughs of Barking & Dagenham, Hackney and Tower Hamlets are all at a different level of global engagement with agency and structure, and therefore result

in varying levels of engagement with ethnic entrepreneurs. Each combination of structure and agency reveals different outcomes in each borough.

4.6 Conclusions

In this research, two civically invested groups, both of which are operating within local economies and acting on the global stage, are explored: local elected officials who wish to revitalise their local economy and ethnic entrepreneurs starting global businesses which contribute to the revitalisation of local economies. In this chapter, the structure and agency with which to understand local ethnic entrepreneurs on the global stage has been explored. It has sought to explain how structure and agency combined, can be understood amongst existing models of ethnic entrepreneurship; the structure and agency elements of ethnic entrepreneurs that are at play in this context; and how ethnic entrepreneurs and local elected officials interact.

While there exists a small body of research that indicates ethnic entrepreneurs, particularly those in new economic sectors, can contribute to the vitality of local economies, there is no research that creates a dyadic framework of structure and agency to fully conceptualise the phenomenon. There is no existing literature which then compares and contrasts the structure and agency of local elected officials to that of local ethnic entrepreneurs with global businesses. Filling this gap in the literature could help understand the implications of the impact of globalisation on local areas, especially as these two actors are engaging in similar activities, with similar goals in ways that have rarely been seen before at the local level.

In examining the models of ethnic entrepreneurship, it has been found that there is no need to reinvent the wheel. While there is no one model that helps understand the current phenomenon, by considering a dyadic framework of two theories, postnationalism agency, alongside transmigrant structures, the activities and behaviours of local ethnic entrepreneurs on the global stage can be understood.

The postnational framework provides a view of agency and helps interpret the responses from qualitative interviews sought in this research. Three elements of

agency were prevalent throughout the interviews with ethnic entrepreneurs. Firstly, ethnic entrepreneurs have an instinct to create and, in this case, the outcome being a global company, with many entrepreneurs creating more than one during their professional lifetime. Secondly, there is a distinction between first and second generation ethnic entrepreneurs in relation to their ethnic-business identity: first generation immigrant ethnic entrepreneurs maintained a visible connection to their homeland and positioned themselves as 'ethnic' entrepreneurs; for example as an Indian-entrepreneur, not only in conversation but also in the promotion of their businesses. For second generation immigrant ethnic entrepreneurs, it was found that while not denying their ethnic identity, this is not a part of their business ethos. They describe themselves as entrepreneurs, global young leaders, innovators, and other 'labels', before they identify with their ethnicity as part of their business. Thirdly, they all indicated an interest in local civic participation and they actively pursued philanthropic activities, political participation, local community good works and a general engagement in the activities of their local communities. Furthermore, first generation immigrant ethnic entrepreneurs were likely to engage in civic activities in both their host and native countries.

Transmigrant theory and framework has been employed to understand structure, alongside postnationalism as agency. The first and second generation ethnic entrepreneurs interviewed all discussed their connections to the global market as a vast global network of family and friends emanating from their host country, their native homelands and expanding further afield from those networks. This has similar findings to agency, which revealed three elements about the implications of structure on ethnic entrepreneurs in this context. Firstly, those entrepreneurs, seeking to establish local new economic sector businesses with global reach, set up the companies to be global from Day One: for example, they did not seek to establish a foothold in a local or resident national market and then to expand into a global market. Although they positioned their companies with a local physical presence, they aimed to provide global solutions. Secondly, these companies frequently align with other similar companies as well so to position themselves as unofficial partners to global corporate entities. Thirdly, they focus on global cities, not countries, as their markets which better positions them to interact

with each other and to enable more personal interaction to take place, as well as being seen as a friendlier place to do business rather than through central governments. In looking at the second and third findings together, a further insight was revealed: ethnic entrepreneurs use globalisation to create virtual global solutions that are physically manifested in personal interactions at the local level. This reinforces Sassen's work on global cities which revealed that, whilst technology and transportation have created a system in which businesses can operate virtually and remotely, there is still a strong desire to physically congregate in and around global cities, connect personally to their clients, and to engage in local and global civic activity. The ethnic entrepreneurs interviewed see global cities - and not countries - as their target markets. This has been likened to the phenomenon of the Greek and Roman times bazaars found at trading crossroads. In this global bazaar, companies are able to leverage their relationships with each other to seek opportunities for all involved and bring it right back down to the local area with a personal touch.

In comparing the agency and structure of local elected officials to that of ethnic entrepreneurs in their communities, it was found that motivations and actions strongly align and reinforce each other in driving local economic development. Transformational local elected officials drive agency, motivated by a personal political agenda and globally idealistic goals. Similarly, ethnic entrepreneurs are motivated by a strong desire to create and connect globally and to participate civically at home and abroad.

Structurally, transformational local elected officials, operating in legislative-activist local governments, are operating through global cities as access points, aligning to the theory of transnational neopluralism, in order to participate on the global stage both as individuals and in global networks. Ethnic entrepreneurs are also aligning their businesses to global cities as their primary target markets, as opposed to countries or local areas. They are leveraging their inherent transmigrant structures to connect global businesses both individually and as networks or partnerships.

Finally, the level of connection and coordination between local elected officials and ethnic entrepreneurs, both operating at the local and global level

simultaneously, was assessed. The research found that elected officials in some local authorities recognise the value in facilitating ethnic entrepreneurs that are building global start ups in new economy sectors. However, local elected officials appear to be in a phase of testing both various funding models and also local physical models. Some productive areas have been established, such as London's Tech City; however, it appears that while there is good intent on the part of local elected officials, there is insufficient coordination, discussion and transparency to build the initiatives together. Ethnic entrepreneurs expressed a general distrust of elected officials and government programmes and felt that they personally had not directly received any benefits from these local programmes or, indeed, in some cases did not know of their existence. Incongruously, several of the entrepreneurs interviewed were in the locations established by those same government programmes such as Tech City or Hub Westminster. When asked directly about joint activities with each other, both local elected officials and ethnic entrepreneurs said they do not coordinate their efforts.

This chapter has sought to delve into the phenomenon of ethnic entrepreneurs with local-global companies and to draw out any connections with the actions of local elected officials who are also acting to connect local economies to the global market. The following chapter will explore these phenomena further by engaging in case studies of three local authorities in East London where the activities discussed herein are taking place.

Chapter 5

Barking & Dagenham, Hackney and Tower Hamlets: Globalisation of Structure and Agency at the Local Level

5.1 Introduction

The concept of globalisation and its impact at the local level has the risk of becoming a purely theoretical debate that does not consider the practical implications. This chapter explores the changes, or lack thereof, of agency and structure in three boroughs within the global city of London. Through the lens of the local authorities of Hackney, Barking & Dagenham and Tower Hamlets, the research seeks to reveal what globalisation looks like in daily local government, and examines how local elected officials choose to engage in solving local issues.

The three local authorities are all in close proximity to central London, yet they are each distinct from each other. They are 'East End' authorities, a non-defined geographic areas east of the central Roman wall in London, all of which saw the potential of economic and infrastructure investment from the London 2012 Olympic Games. Each local authority has a very different political structure. At the time of the research the situation was that Hackney had a directly elected mayor, Jules Pipe a Labour Party member who is also very active in London-wide politics and policy, serving as the chair of London Councils, a pan-London, a cross-party organisation; Barking & Dagenham had the traditional structure of a leader of the council, Councillor Darren Rodwell, a member of the Labour Party, and a ceremonial mayor; Tower Hamlets had an elected mayor, Lutfur Rahman, who transitioned from being an Independent candidate into founding and running a slate of candidates under the new political party, Tower Hamlets First, which benefited from support of the local Bangladeshi community.

In analysing the changes over time of the three boroughs, the research is addressing the following critical questions:

1. How has each borough managed the transition from their past manufacturing and industrial bases to engagement and growth in new areas of the modern economy?
2. How are the boroughs considering their current economic situation and developing their future growth plans in relation to a broader global economic context?
3. What do their future economic development plans indicate about their level of global fluency and potential growth through engaging in a global economy?

The answers to these critical questions provide fundamental pieces of the puzzle to the overarching question of the impact of globalisation on local government and elected officials by showing the practical implications to changes in structure and agency.

This chapter is divided into seven sections. Section 5.2 will discuss the methodology used in both the qualitative interviews with local elected officials as well as the documents used in analysis of each borough's current and future economic development plans. Sections 5.3, 5.4 and 5.5 then explore the three boroughs respectively. Section 5.6 will offer a comparison across the three case study boroughs and *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013). Section 5.7 will offer concluding thoughts.

5.2 Approach

This chapter analyses three of London's local authorities: Barking & Dagenham, Hackney and Tower Hamlets to explore the various types and levels of impact on local agency and structure caused by an increasingly interconnected global economy. Each local authority is analysed separately by assessing their past, present and future economic activities. The past economic development is briefly reviewed through historical documents and records. The present looks in depth at each borough's Local Economic Assessment together with information gathered through interviews with local councillors. The future section examines each of the

borough's 15-year plan for economic development embodied in their Local Development Framework. In the comparative section (5.6 below) *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013) is used to compare the boroughs to each other and conclusions are drawn about the impact of their structure and agency in light of a global economy.

The Local Economic Assessment is a statutory duty, first enacted by central government (Department for Communities and Local Government) in 2009 and by the mayor of London (Greater London Authority) in 2010. It is undertaken by each borough to create the most comprehensive picture available of the economic status quo. The individual Local Economic Assessments then inform broader local and national economic development planning. They are shared documents to allow neighbouring boroughs to collectively plan for an area, and avoid duplication or conflicting policies. The Department for Communities and Local Government, (2009) requires that each local assessment follows a similar objectives structure as well as components. These include:

- Business and Enterprise:
 - Structure of local economy
 - Overall competitiveness of the area
 - Enterprise and innovation
 - Business needs
- People and Communities:
 - Labour market
 - Skills
 - Economic inclusion
- Sustainable Economic Growth:
 - Environmental sustainability
 - Housing and infrastructure

The Local Economic Assessments are also to be used to inform the planning of Local Development Frameworks, the demand for which was passed by central government in 2004 in the form of the Planning and Compulsory Purchase Act. Central government provided general guidance in the development of Local Development Frameworks which function as a suite of documents including a core local strategy, action plans, vision, objectives and goals for not boroughs. The mayor of London has taken (2008) the Local Development Framework planning process

further by requiring that all 32 London boroughs follow a similar structure to their plans and address specific requirements which include:

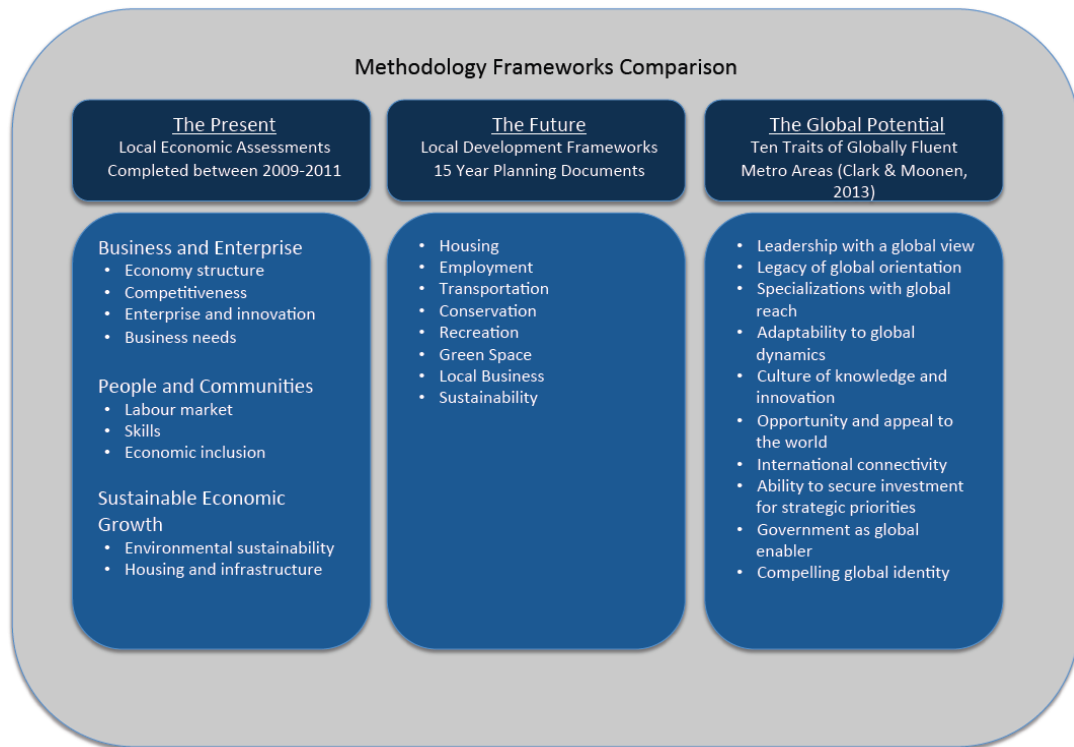
- Housing
- Employment
- Transportation
- Historical Conservation
- Recreation and Leisure
- Green Space
- Local Businesses
- Environmental
- Sustainability

Similar to Local Economic Assessments, the Local Development Frameworks provide a point of comparison across the economic development agendas of boroughs. Specifically, they:

1. Provide consistency across the boroughs in assembling their economic development plans as they are bound by the outline of the mayor of London's Development Framework in producing them
2. Deliver a future planning document of 15 years looking to 2025
3. Are independently assessed to ensure they meet the Local Development Framework requirements, are evidence based and have a reasonable chance of being achieved

Comparing the document data along with the qualitative interviews across *The ten traits of globally fluent metro areas* (Clark & Moonen, 2013) provides an interesting lens through which to view the agency and structure of each of the three local boroughs and how it engages, or does not engage, with the global economy.

Figure 18: A side-by-side comparison of the frameworks: Local Economic Assessment, Local Development Strategy, and *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013)



5.3 New Research: Changes in Structure and Agency in Barking & Dagenham, Hackney and Tower Hamlets

5.3.1 Barking & Dagenham

The past

For the first half of the 20th century, Dagenham was known as an industrial powerhouse for the motor industry and was referred to by historians and the press as England's 'Detroit', reminiscent of Detroit, USA, and the birth of the industrialisation of car manufacturing. Barking & Dagenham benefitted from a large manual labour workforce, close proximity to London and to the River Thames. Established in 1911, the Ford plant in Dagenham employed 48,000 workers at its height in the 1950's; however, since then, it has faced a steady post-industrial decline. It currently employs approximately 2,800 workers. Ford recently announced 300 new jobs for the Dagenham plant where it will be building low carbon emission engines (Davidson, 2014).

Figure 19: Photo - Briggs Motor Bodies, Dagenham (unknown, 1950, <https://creativecommons.org/licenses/by-nc-nd/2.0/legalcode>)



The recent history of Barking & Dagenham has been described as bleak. 'It's London's forgotten borough, an empty flatland of council housing, arterial roads and

industrial decline, famous for only two things: a slowly dying car manufacturing plant, and a four year period in which the British National party (BNP) was second largest party on the council' (Elledge, 2013). In its 2004 Economic Development Strategy Document, Lead Member for Regeneration, Sidney Kallar, laid out the borough's economic development strategy as one which hoped to capitalise on the mayor of London's plan to focus on 'creative and cultural industries and information and communication technologies as new drivers of growth' (Barking & Dagenham, 2004, p. 8). Since the post-war period, Barking & Dagenham has also had its hopes rise and fall on a series of regeneration initiatives focused on the Thames Gateway, when it was identified as a major area for growth. Since that time, organisations and efforts have come and gone in the form of the Greater London Development Plan (1980) and the East Thames Corridor Study of Development Capacity (1993). Currently, regeneration depends on the London Legacy Development Corporation, which supplanted the Olympic Park Legacy Company (2012) which, in its turn, replaced the London Thames Gateway Development Corporation (2004 to 2013). The Olympic Park Legacy Company outlines its economic goals in its ten year plan (up to 2022) as a complete 'East End' economic, social and cultural transformation. However, the plans as currently laid out do not include Barking & Dagenham. The goals and strategies for Barking & Dagenham in attempting to capitalise on various London-wide strategies have been difficult. The path has been constantly changing, disappointing, complex and politically fraught.

As the car factory plants closed so too did most manufacturing jobs in the borough: by 2011, they had dropped to 4.6% of the workforce, compared with 30% in 1981. Concomitantly, new economy jobs such as banking and finance rose from 12% in 1981 to 18% in 2011. Along with the loss in manufacturing jobs, the population numbers went into steady decline after the 1950's until the early 21st century. (GLA Intelligence, 2014).

Politically, Barking & Dagenham has been a Labour Party stronghold since 1964; however, it has also long been a target for the British National Party (BNP) and the UK Independence Party (UKIP), both of which have strong anti-immigrant agendas as their public platforms which many implicitly interpret as racist and isolationist. As Barking & Dagenham has faced difficult economic times and a large

influx of African immigrants, these two political parties have been capitalising on the fears of an aging white middle class population of losing what few jobs remain to new immigrants. At times, the political unrest has manifested itself as clashes in the streets. In recent national elections (2010), the BNP was soundly defeated, yet the economic and political unrest in the borough lives on, seemingly replaced by UKIP candidates who ran for national positions in the last election (2014).

The people of Barking and Dagenham have resoundingly rejected the fascism of the BNP. Now the Labour Party needs to begin to address the genuine concerns of the local population, white and black, about jobs, housing, education and health care. It was these issues – and the pressure put on them by incomers looking for the cheapest housing in London – that allowed the BNP to gain a foothold in the borough (Bragg, 2010).

The present

Barking & Dagenham pinned hopes of new borough investment on Olympic development funding and initiatives. It based many of its development plans and goals on the premise that there would be significant pre, during and post Olympic funds flowing into the borough. Unfortunately, this did not occur and has left Barking & Dagenham with future goals and objectives that do not align with its current economic situation.

The borough's Local Economic Assessment (September 2011) provides an overview of its current situation under 11 primary headings. Below, to align with the Local Economic Assessment Framework guides provided by government, they are categorised under three main headings: Business and Enterprise; People and Communities; and Environment and Sustainable Growth.

Three of the plan's eleven points fall under Business and Enterprise: firstly, it states that the borough has three town centres which face competition from neighbouring Westfield (Shopping) Mall in Stratford; secondly, it highlights that the public sector is the largest employer and that there are 4,000 small or medium size enterprises; and, thirdly, it lists that, while it is investing in new business centres, it also has the lowest number of entrepreneurs in any London borough.

The majority of the priorities are focused on current status of People and Communities. The report explains that while the borough has a population of

179,900 (at the time of the assessment in 2011), a high number are employed in part-time and low wage jobs. This may be as a result of the fact that the adult population of the borough has low educational qualifications according to demographics compared to other boroughs, according to GLA Intelligence (2015). Associated issues involve high unemployment, a high number of people on state benefits, a high teen pregnancy rate and a high number of early school leavers. Finally, this section points out that the population of Barking & Dagenham is on the rise, which includes an increase in immigrant residents, which results in a greater need for social services.

High immigrant demographics can also create more confusion among migrants and feed a cycle of misunderstanding among existing residents, especially where local government is experiencing its own changes. According to Blake, Diamond, Foot, Gidley, Mayo, Shukra and Yarnit:

Meanwhile, the research also identified challenges arising from changes in the structures of governance themselves. Where structures had clear, coherent and consistent frameworks, community engagement tended to be experienced more positively. And conversely, where structures were subject to restructuring and change, there was evidence of disengagement, feelings that were compounded when service provision was fragmented as a result of subcontracting. Fluid structures posed additional problems for newer groups, who found this particularly confusing (2008, p. ix).

The third area of the local assessment covers issues of Sustainable Economic Growth. Firstly, it takes note of the large amount of industrial land, much of it situated along the river and the possibility of transforming it into an emerging enterprise area for green businesses. Barking & Dagenham has identified green enterprise as a significant area for future growth and details action plans in its Local Development Framework core strategy document. This transformation began with the establishment in 2011 of the London Sustainable Industries Park which houses four small businesses. Next the report addresses transportation, pointing out that it has good public transport links from North to South but a gap from East to West. And lastly, it takes inventory of its 72,000 existing houses housing stock, of which one-third is owned by the council.

Figure 20: Barking & Dagenham Local Economic Assessment Overview (September, 2011)



It is under these present circumstances that five local councillors were interviewed. There were three general findings when theming the interviews:

1. Local councillors are in emergency triage mode for city services – not able to adequately meet the needs of all residents and so prioritising those who are in most dire and immediate need
2. There is no plan to foster or develop a specific economic sector, except to build housing
3. Where there is interest or understanding of a global marketplace, it is stifled by the status quo situation and structure

Barking & Dagenham Councillor Sanchia Alasia is interested in representing the borough as one of the area's Members of European Parliament. She was unsuccessful at the last election but continues to write and blog on European issues. However, her day-to-day work remains dealing with basic needs and triaging constituent emergencies. While she has an interest in Europe, she rarely has the opportunity to apply any of her learning to accelerate growth at the local level. She

has a world view and leans towards being a transformational local elected official, as assessed in this research, but she is bound by an administrative-executor structure (Alasia, personal communication, 2014). Working as a councillor in the borough, she sits on several development committees and chairs the Development Control Board. She also sits on the Health and Adult Services Committee. She works to influence regeneration and diversity issues and hopes to direct funds to the borough, saying that her goal is to “be a voice for the community, especially those who are marginalised” (Alasia, personal communication, 2014). However, she sees this as separate, and not by choice but by necessity, from her interest in EU matters which focuses on the rise of the far right in the EU and broader issues of globalisation. The economic circumstances of the borough do not provide her with a point of access to bring the learning home and to implement it; however, her role as councillor does provide her with a level of legitimacy and an opportunity to be active at the EU level. She has hopes of connecting the local borough to the global stage and (during the course of this research through 2014) continues to seek an appointment to the Committee of the Regions with the EU addressing local issues at the EU level, while also remaining active in the Party of European Socialists. Councillor Alasia is classified within this research as a globally aware transactional councillor with no option but to work within the administrative-executor structure in the borough of Barking & Dagenham.

Councillor Graham Letchford describes himself as the last port of call for many of Barking & Dagenham’s most desperate residents. He looks after the elderly in his Goresbrook ward, connects people to services and works to support local businesses by giving his patronage when he can. Graham was once in the same situation as many of those hit hardest in Barking & Dagenham and so approaches his work as a local councillor with energy and compassion (Letchford, personal communication, 2013). He feels that many people in Barking & Dagenham would be far worse off without his service. However, the resources Mr Letchford has to work with are continuing to dwindle. Primary government services are being cut and voluntary services are struggling to keep open. And the situation is poised to get more difficult. In its 2014-2015 budget, the borough announced it would face overall

cuts of approximately 12% per year for each of the next three years (Bunt, 2014, p.1).

Members of the community are requiring more and complex types of help, as they continue to suffer the effects of the Welfare Reform changes and the introduction of the Benefits Cap last year. In addition, Barking & Dagenham has one of the fastest growing populations, partly as a consequence of government policy encouraging movement of families to cheaper accommodation to reduce the national cost of housing benefit (Bunt, 2014, p.1).

Councillor Letchford thinks the local government should focus on the borough and central government should focus on diplomacy and foreign economic efforts. His hope is that the Ford plant will create more jobs and help employ a few more local people. He recognises that many of the white, English population that grew up in Barking & Dagenham in the 1980's and 90's are financially worse off than their parents were. He attributes this to a younger generation that aspire to have a good manufacturing job, as their parents did; jobs for which the parents didn't generally require an advanced educational degree. However, the manufacturing jobs have been severely decreased or eliminated, leaving few no job opportunities for residents with no educational degree. This has left the aging white population with low educational attainment and a witness to increased migration from Africa into the region.

Letchford is not interested in, nor does he follow, international issues or economic situations beyond the UK. He accomplishes what he can for those in need within the resources available. At the time of the interview (2013) he was a member of the Labour Party; however, he since defected to UKIP (2014) and subsequently lost his seat. In this research he is classified as a transactional councillor attempting to address the most basic needs of the local constituency by working within the administrative-executor system, regardless of the ever-decreasing resources.

Councillor Kashif Haroon, similar to Councillor Alasia, is also interested in world affairs; however, he became a councillor to address local needs as a result of threats from BNP candidates in the borough. He wanted to address safer streets, schooling and housing. He is a member of the Safer Stronger Community committee and, as an immigrant to the UK, says he wants to make a difference in

Barking & Dagenham because he chose this community, this city and this country to live. He says that issues such as climate change and terrorism are important at the national level but, at the local level, people just want to know if they will have a job and can support their family. He thinks the UK should stop spending so much money on development abroad and focus inward on local communities (Haroon, personal communication, 2014). His focus is to attempt to deliver basic services in light of the fact that there are £53 million of local services being cut between 2014 and 2017. He touts the political line that the economic way forward for Barking & Dagenham rests in building more houses and making sure there are good rail connections, as most of the new residents will tend to work outside the borough.

Councillor Haroon has an understanding of global issues but is not actively seeking to engage at the global level; his work is focused on using the local administrative-executor system to provide basic city services through transactional activity.

When asked about future economic development plans, all the councillors interviewed highlighted housing and Barking & Dagenham's plans to build 17,000 new homes in the next ten years (by 2025). Each said they have no plans to hone in on a specific market or economic sector and would welcome any business to come to the area. While providing a welcoming message that Barking & Dagenham can be a place for all businesses, a general lack of economic specialisation may make it difficult to attract global businesses. According to Hutton (2008) 'London's growth, economic specialisation, global projection, and transnational urbanism are the cardinal factors in the ascendancy of the south and east of England since the early 1990's' (p. 80).

Councillor Cameron Geddes is Barking & Dagenham's Cabinet Member for Regeneration. He connects a local priority for improving education to a desire for establishing better local jobs and increasing homeownership. Similar to Letchford, he discusses the industrial roots of Barking & Dagenham lending to the current low levels of educational attainment in the borough.

You didn't need to be a brain surgeon to go and work in Ford Motor company or in the factory, we had more industry in Barking & Dagenham than any other London Council, and that again affects peoples job aspirations because

their parents got a poor education in Barking and Dagenham but were still quite often able to get a relatively job, and then if they had cheap housing from the council they were more or less sorted and their aspiration were very rarely more than that (Geddes, personal communication, 2012).

Councillor Geddes also admits that Barking & Dagenham has no specific programmes for support for entrepreneurs and, in particular, have not given much thought to supporting ethnic entrepreneurs. He feels that diversity is an important issue for the borough to work on, but it is viewed as a social issue, not as one with links to international business growth. Whilst exhibiting a measure of global awareness, Geddes is assessed as a transactional local elected official in the administrative-executor structure.

Councillors Geddes and Saima Ashraf both exhibit an interest in global issues. For Councillor Ashraf it is her status as an immigrant Muslim woman that drives her to work to provide services to the immigrant population. For Councillor Geddes, there is a strong drive to want to leverage local assets towards a broader economic base, but there is a complete lack of resources to do so.

Significantly, Barking & Dagenham has far fewer small and medium businesses than Hackney or Tower Hamlets, thus an equally likely low number of global ethnic entrepreneurs. In 2014, only 4,340 enterprises were 'born' and their 5-year life expectancy of only 35% meaning only 1,519 will survive (GLA Intelligence, 2014). What they are reinforcing is a system in which no meaningful movement is being created towards economic revitalisation or engagement in a global economy.

For all five councillors interviewed in Barking & Dagenham, there is a commitment and empathy for the borough and its residents alongside a strong will to improve people's lives. However, this was also coupled with uncertainty and as to how and when improvements would be seen and felt by the residents in Barking & Dagenham.

The future

The hope is that with a clear perspective of where Barking & Dagenham have emerged from in an industrial and manufacturing past, alongside a detailed understanding of their current economic situation including strengths, weaknesses

and opportunities, they will be able to plan for a future that mitigates their weaknesses and builds on their strengths while taking advantage of the opportunities. This is what is embodied in and informs the 15-year Local Development Framework Core Strategy.

Barking & Dagenham's Core Strategy document within the Local Development Framework is based on five themes under which it plans to work on its future development planning (2010, pp. 18-63): Managing Growth, Sustainable Resources and Environment, Creating a Sense of Community, Ensuring a Vibrant Economy and Town Centres, and Creating a Sense of Place.

In looking across the Local Economic Assessment in relation to the borough's future development plans as outlined in the Local Development Framework, it should be possible to see, in addition to new areas of development, direct causal links between the Economic Assessment's current state of affairs and the subsequent plans for addressing or developing those issues embodied in the Development Framework. However, it is sometimes difficult to draw direct links across the two documents. Under 'Business and Enterprise' the assessment points to retail centres with competition from Westfield Mall in Stratford, a large amount of public sector employment and an investment in new business space while pointing out a lack of entrepreneurial residents. In looking across to the two documents, it is difficult to determine how each individual issue in the Local Economic Assessment will be addressed in the Local Development Framework. The Development Framework outlines a desire to invigorate a night-time economy, for local developers to train and employ local people, a focus on green technology and creating new business spaces.

Similarly, under 'Sustainable Economic Growth', the Economic Assessment points to a large amount of industrial land, transport needs and existing housing stock. Correspondingly in the Development Framework, these should be addressed under the headings of 'Creating a Vibrant Economy' & 'Town Centres and Managing Growth'. However, in reviewing the documents, the assessment of the current situation and the plans for future development are disparate in their findings and recommendations. For example, the development plan details a desire to build new businesses spaces but does not discuss for what types of businesses or how they

may develop more local entrepreneurs as is outlined as a prerequisite in the assessment.

Further, for each of these themes and the initiatives under them, the core strategy provides a monitoring matrix to measure the outcomes. However, the associated outcome is not clearly defined. For example, the arts and tourism section lists three indicators (Barking & Dagenham Core Strategy, 2010, p. 91):

- the number of hotel bed spaces available;
- loss of viable cultural uses to non cultural uses (no net loss); and
- adult participation in sport (top quartile of national performance).

The framework does not associate these indicators with specific desired outcomes or show a link towards economic development opportunities. For example, is the goal to have 500 available hotel beds or 5,000?; and how does an additional 500 hotel beds lead to greater economic growth? It also fails to indicate how it plans to make more hotel beds available and why this measure has been shown to specifically lead to its goal of encouraging the arts which, in turn, leads to a vibrant economic future for the borough. The exception in the strategy is the monitoring matrix detail under housing, in which it lists an outcome for each year and the indicator for measuring that outcome which leads to the desired goal of 17,000 new houses. Nonetheless, there is no associated evidence that increased housing will lead to an economically more stable borough.

There are no plans in the core strategy which help connect the existing struggling economy to additional growth from outside the borough. For example, there is no detail for how the borough will capitalise on emerging global businesses in green technology and entice them to the London Sustainable Industries Park.

Figure 21: Barking & Dagenham Local Development Framework, Core Strategy Overview (Barking & Dagenham, July, 2010)



When asked about the top economic development projects in Barking & Dagenham, Councillor Cameron Geddes, the Cabinet Member for Regeneration, catalogues building housing in and around Barking town centre and along the riverside; supporting those new housing projects with increased local businesses and leisure facilities; renovating Bean Park, a previous Ford Factory location into a new leisure centre; and renovation of the former May and Baker Chemical Company, now owned by Sanofi-Aventis Medical Company, into a new medical laboratory facility (Geddes, personal communication, 2013). It is worth noting that although Councillor Geddes does not talk about green technology industries being among his priorities for regeneration, he mentions medical technology which is an emerging industry of the global economy field. Nevertheless, this is not part of the core strategy listed in the Local Development Framework 15 year plan.

A review of Barking & Dagenham's Local Economic Assessment, which provides a snapshot of the economic landscape in 2011, and then overlaying the plans with its Local Development Framework, the future of Barking & Dagenham and

its potential for creating a vibrant and sustainable economy and borough seems unclear. With a few small exceptions (for example, the potential Sanofi Medical Facility and the interest in green technology), the plans and the structure of the local government are based on working within the given status quo, the existing resources and a heavy reliance on building new housing. There are no plans to connect Barking & Dagenham to a wider global market other than to act as a bedroom community for the City of London. It should be noted that Barking & Dagenham completed its Local Development Core Strategy before its Local Economic Assessment: this puts the cart before the horse in terms of planning based on a clear understanding of the landscape and existing assets, challenges and opportunities.

Barking & Dagenham has engaged in a very transactional activity in developing its Local Economic Assessment as well as its Local Development Framework but seem to be lacking in the more transformational activity of implementation. This comparison leads to the assessment that Barking & Dagenham is poised to continue along a path of operating in an administrative-executor capacity moving into the future.

5.3.2 Hackney

The past

Out of agricultural Roman times and into the 20th Century, Hackney has emerged as a manufacturing base built around paint, timber and rail industries. It was heralded in the early 19th century as a furniture and woodworking stronghold using the river as a means to move timber.

Hackney tells a similar story to Barking & Dagenham, although along different industrial lines (woodworking and paint production versus car manufacturing). From 1981 to 2011 the manufacturing base dropped from 22% to 2% while new economic sector jobs rose from 10% to 27%. 'In the 1980s Hackney's economy shifted from manufacturing and related industry, towards services, in particular creative, arts, media, banking and finance' (Hackney LDF, 2010, p. 76). It has also seen a population explosion from 162,772 in 1991 to 256,600 in 2013. One of the most poignant economic moments for Hackney in recent history occurred in the 1930's and 40's

when much of its large bank of worker housing was declared unfit and was condemned or destroyed, leaving many out on the streets. Moving into the 1960's and 70's, the borough did not recover and instead collapsed into several decades of abandoned workhouses, factories and industrial space. In the late 1990's, most local government functions had been severely mismanaged, the borough was insolvent; it shut down many city services and halted any spending. Hackney would not emerge from emergency management until well into the 21st century. To emerge from bankruptcy, Hackney had to completely re-think its form of management. It opened the doors to its abandoned spaces to those who would undertake any type of renovation and residency. Many of the buildings were redeveloped into artists' lofts and new small enterprise working spaces. Building on this momentum, Hackney undertook a full-scale regeneration plan to expand and augment these innovative regeneration undertakings.

As a result of the massive regeneration from workers' flats steeped in poverty into artist warehouses and upper-middle class 'loft' conversions, Hackney is left with an ongoing struggle of gentrification. The influx of entrepreneurs has led to a cross cultural mix which helps to regenerate neighbourhoods but also to price out some of the original residents from the housing market.

Amidst this boom of artistic and entrepreneurial regeneration, Hackney faced another crisis. In 2000, the borough's financial director passed a 'Capital Order 114' which banned any further spending by the borough as it was unable to meet its financial commitment through to the end of the financial year. The result was a devastating mix of an operational lack of basic services and residents left unsure as to whether schools, surgeries and other facilities would remain open.

The present

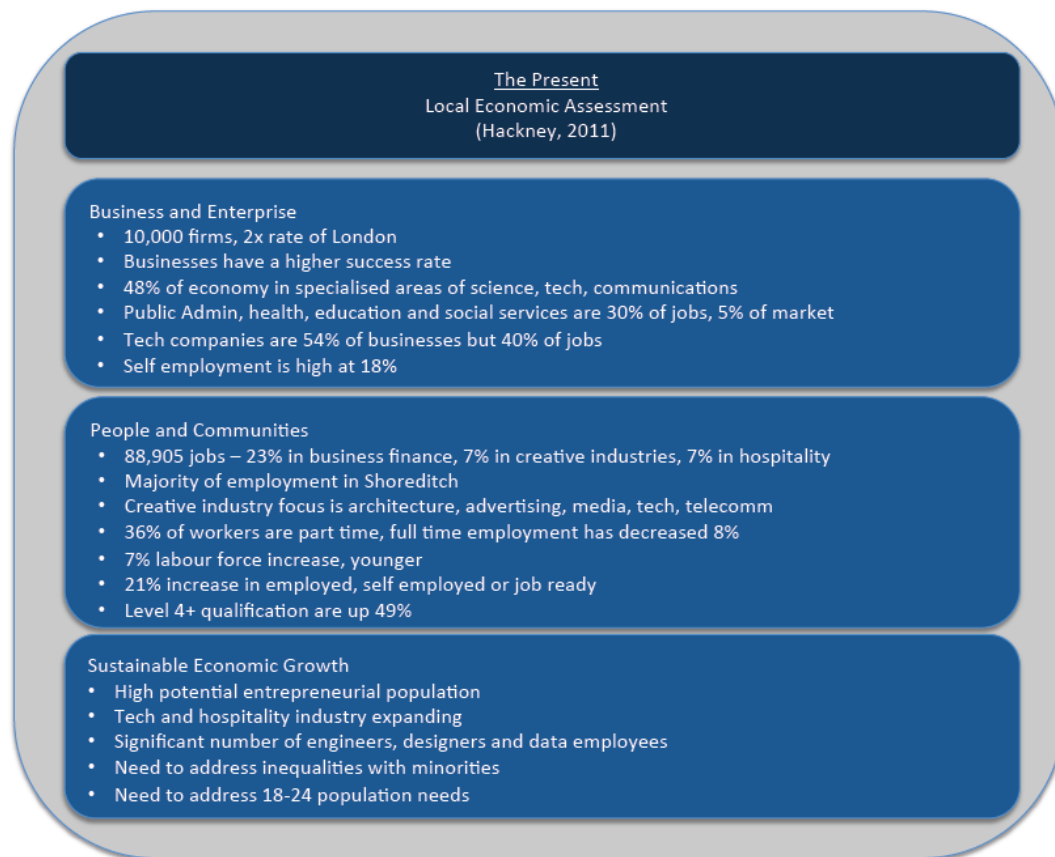
Residents of Hackney talk about its dynamism and diversity as assets while still throwing in a dose of reality about its current status and issues of the cost of housing. Many residents of Hackney are also very passionate when talking about the borough and its future. The Local Economic Assessment backs up this narrative. It points to some critical and difficult issues but it also shows positive improvement across a spectrum of measurements for local economic health and vibrancy.

Hackney has one of London's few elected mayors and as such Mayor Jules Pipe is frequently interviewed in print and television press, and is a national and international speaker on local government and new innovations. He co-chairs London Councils a pan-London borough think-tank, and was re-elected to a fourth term as mayor by a large margin. He also leads on the Labour Party's Taskforce for Innovation in Local Government which focuses on devolution of power to local authorities. Mayor Pipe oversaw Hackney's emergence from bankruptcy and into a more fiscally accountable and transparent borough. Through his role on the Innovation in Local Government Taskforce, Pipe champions the need for transformational leadership to revive local areas.

The Taskforce has found evidence of the opportunities for, and barriers to, innovation. Local innovations are demonstrating the greater impact that approaches more relevant to the particular needs and circumstances of places can have, across a range of service areas addressing employment, skills, health and care, support for children and families and more. There is evidence that they are more effective in producing better outcomes, demonstrating better value for public money invested, and can be more sustainable in the longer term leading to less demand in the future (Leese, Pipe, and Taylor, 2014, p.2).

Hackney's Local Economic Assessment is organised around a series of critical questions. This differing approach from Barking & Dagenham has several implications in drawing out the causality of the present circumstances in addition to providing answers to the questions which directly inform the Local Development Framework.

Figure 22: Hackney Local Economic Assessment Overview (Hackney, 2011)



In assessing their ‘Business and Enterprise’ profile, the Local Economic Assessment asks the two following questions: ‘What is the business profile for Hackney and implications for land use?’ and ‘What are Hackney’s share of London’s growth industries?’ (Hackney, 2011). Hackney has close to 10,000 firms with twice the growth rate of London and a higher success rate in survivability for small business start-ups. In relation to growth industries connected to London, the report details a 48% specialisation in science, technology and telecommunications which equates to 8% more than elsewhere in London. Most significantly, the area has seen a 52% rise in information technology (IT) industries and has established a specific area for start-ups known as ‘Tech City’. Hackney has also benefitted from increased tourism; however, it has not seen an increase in arts and leisure firms (Hackney, 2011).

Their outreach to a global marketplace may be linked to an increase in local entrepreneurial businesses, increased educational attainment, global recognition and interest in the borough and an investment from collaborative partnerships. In

2014, 12,770 new small and medium businesses were launched in Hackney. With a five-year survival rate of 37%, 4,725 will still remain (GLA Intelligence, 2014). Whilst the numbers are similar to those of Tower Hamlets, Hackney is actively working to engage small and medium businesses in their local-to-global efforts, which means there is a higher likelihood of ethnic entrepreneurs with 'born global' businesses lending to the revitalisation of Hackney. It is important to note that 'ethnicity' of small businesses are not officially tracked, only SME's and entrepreneurial start-ups.

Moving into the 'People and Communities' section of the assessment, Hackney questions if business growth automatically translates into job growth and considers what their share of job growth sectors may be (Hackney, 2011). Hackney has 88,905 jobs of which 23% are in finance, 7% in creative industries and 7% in retail and hospitality: most of which are located in the Shoreditch area. Full time employment has decreased with 36% of workers now employed part-time and the average age of the workforce getting younger. According to their latest internal profile (LB Hackney Policy Team, 2014): 'Hackney is a relatively young borough with a quarter of its population under 20. The proportion of residents between 20-29 years has grown in the last ten years and now stands at 21%. People aged over 55 make up only 14% of the population'. There has also been a rise in highly skilled workers in Hackney, and an increase in residents with qualifications (Hackney, 2011).

At present, Hackney is well known for its creative industry clusters in Hoxton and South Shoreditch as well as the evening, nighttime and the visitor economy these centres attract. Dalston has specialised in retail, is quickly developing as an artistic hub and it is the only major town centre within the borough. Hackney Central concentrates civic and cultural functions, with Hackney Empire attracting both local residents and visitors (Hackney LDF, 2010, p. 77).

Hackney policy papers indicate that there is a lot to build on to support the growth of the economy of Hackney, including expanding sectors, a high level of entrepreneurship and an increasing proportion of residents with degrees as engineers, architects and data analysts. However, it still faces severe inequalities amongst its minority population and young people aged between 18-24.

In this current context, five local councillors in Hackney were interviewed. Several themes emerged related to agency and structure across the interviews:

1. The recent history of coming out of emergency management and recovering from debt is always at the forefront of elected officials thoughts when asked about economic development
2. Given their recent emergence from debt, the local councillors seem energised and passionate about exploring new and various economic development ideas gathered from abroad and which inevitably carry some element of risk
3. All elected officials talk about capitalising on the economic growth presented by the 2012 Olympics and refer to plans to convert that into future borough growth, mainly in tech and media industries and globally connected technology services.

Councillor Guy Nicholson Hackney's Cabinet Member for Regeneration, firmly believes that Hackney needs to take risks and engage in global business activities in order to create sustainable economic growth in the borough (Nicholson, personal communication, 2013). He vehemently defends his work to connect local new economic sector businesses, especially technology companies, to global markets for growth in Hackney. At a time when the borough has only recently emerged from debt, Nicholson argues that they can either maintain the status quo of slowing pulling themselves out of the mire, or they can take bold steps towards securing a strategic future as part of the global economy. Specifically, this refers to technology businesses but Nicholson says he also looks to other regeneration strategies such as a city growth strategy out of Harvard University pointing to inclusion and fostering of small and medium enterprise businesses as a catalyst for local growth. For Nicholson, this also means capitalising on the heritage of Hackney in the garment industry, furniture making, and wood works as a global supply chain.

Nicholson feels that the role of local government is as a catalyst, to recognise the heritage, and relate new activities to what others are already doing, and then invest in the future. In Hackney, he wants local business owners to "see themselves as part of a global community" (Nicholson, personal communication, 2013). He points out that the difference with the economic growth plan in Hackney, unlike London's financial district, is that "money is reinvested back into the community to

drive growth.” He explains that this model of creative partnerships allows money to remain and be reinvested because it flows back to local companies and community groups, whereas a local authority on its own is unable to reap tax benefits from businesses. He says that this is not about corporate social responsibility; it is about equipping a workforce. In this activity, local government needs to be “confident enough to enable and participate” in the activities to foster growth of a local-global economic community. “We understand that politics are people and people are politics. We can create an ecosystem as part of the community” (Nicholson, personal communication, 2013).

Nicholson believes that ‘Tech City’ is the exemplar of urban, social, cultural and economic change in this area. Its growth has been an organic and symbiotic process from the local level by the community and business leaders and could not have developed with an edict from central government. He says that not only does central government not understand the process but that it is a hindrance when it makes statements and promotes something that it does not fully understand. Nicholson feels that local-global activities are best nurtured tactfully and carefully at the local level. Nicholson thinks ‘out-of-the-box’, beyond Hackney’s borders and operates in a transformational leadership style within a legislative-activist structure of local government.

Councillor Jonathan McShane considers multiple external models for shared incubator workspace ideas across Hackney (McShane, personal communication, 2013). For example, McShane is interested in partnering with a local entrepreneur to use the Google Campus model to open an internet café and business workspace in part of a local library. This would allow the library to stay open longer, and attract more people to use its services while also providing a high-speed broadband connection to help foster start-up companies that need a business address and basic services to launch their companies. In addition, he feels that Hackney has benefitted immensely from the 2012 Olympic investments. In particular, Hackney has taken possession of the Olympic media centre building fitted with the most advanced cabling and internet infrastructure available. This feeds directly into Hackney’s desire to capitalise on and expand its footprint as a global business technology destination.

McShane credits the borough's elected mayor as being business-friendly and willing to enter into creative relationships with large corporations such as British Telecommunications (BT) to create vocational training programmes that prepare students for high-tech futures, or partnering with hospitals to move young people into science and health careers. The borough also partners with the Swiss Bank UBS to manage a local school academy: this provides UBS with a more effective way to leverage its corporate giving strategy with benefits for both UBS and the borough.

Turkish and Kurdish entrepreneurs have also been supported and fostered by local government. Many of these ethnic entrepreneurs are in the hospitality business and have renovated restaurants leading to a thriving business and social night-time economy. In supporting these ethnic communities which are contributing to economic regeneration, McShane says it forces local government to re-think and plan for local resources that also provide for various cultures and religions across the borough. This corresponds to Nicholson's aspiration of addressing the situation holistically when planning for economic change inclusive of urban, social and cultural change. As such, McShane is considered a transformational local leader in a legislative-activist structure.

Councillor Chris Kennedy is a Hackney enthusiast (Kennedy, personal communication, 2014). He eagerly discusses efforts to look abroad for public models to make Hackney an appealing location both for business and families in terms of workspace and green space. He is also committed to implementing the Scandinavian model for bike traffic and flow in Hackney to increase the safety of pedestrians and cyclists. While Councillor Kennedy is not interested in participating in global politics or a political position beyond that of local councillor, he is very aware that for Hackney to become attractive to a global market, it is necessary to look for global solutions to local issues.

He discusses ideas of regeneration across the economic, social, urban and cultural spectrum and demonstrates an understanding that a thriving area needs to bring together all the elements to create a sustainable and sought-after community. He is himself deeply involved in the local arts community. With this understanding and interest, he discusses various issues of regeneration including partnering with Network Rail to use bridge arches for creation of fashion hub workspaces; improving

the walkability and accessibility of local streets; capitalising on Olympic legacy structures including the media centre; and exploiting Hackney's inclusiveness and commitment to diversity as an asset. The idea of twinning cities is taken further than the original trade and cultural exchange purposes as he sees Hackney both in competition with and as directly networked with Brooklyn, New York. Through this partnership, the two areas look for opportunities to create synergy in their city planning that may benefit both areas.

Kennedy refers to his *modus operandi* of being a councillor as the "slight outliers idea" which he describes as being open to considering slightly more unusual and unexpected things in order to encourage 'out-of-the-box' and innovative thinking. In this way, Kennedy also shows that transformational councillors do not need to be international jet-setters engaged in high level negotiations with multi-nationals; they can just as effectively be very locally focused while leveraging an international network to draw on best practice and innovation in local government.

Similar to Kennedy, Councillor Angus Mulready chose to become a local councillor to improve his own neighbourhood and to help meet the social needs of those living in the ward and borough (Mulready-Jones, personal communication, 2013). Mulready is aware of global issues and how they may impact on activity at the local level, but he is not involved in these activities. He is attempting to work within the system, and focuses locally by attempting to make improvements in the Dalston ward. Mulready expressed a frustration in attempting to create change as an elected official. He said that he is not interested in engaging in party politics and his motivation is to address a few local issues around transport and housing in the Dalston ward. He is the only one of the five councillors interviewed in Hackney who displayed a transactional style of agency, attempting to operate in a legislative-activist structure. As such, he felt frustration navigating the political system, to a point that in 2015 he resigned his position as councillor in favour of a position in the civil service.

Councillor Feryal Demirci, cabinet member for neighbourhoods, champions the borough's willingness to take risks and act in a transformational style (Demirci, personal communication, 2015). She feels that it was because of the emergency management situation in 2000 that Hackney began to think 'out-of-the-box'. With

no control of the budget and few options left to provide basic services, councillors had to be creative in looking for partnerships and solutions to their austerity measures. She talks enthusiastically about partnerships across multiple stakeholders and sectors being part of the foundation of how the borough now operates. She said it is these partnerships and innovative ideas on outsourcing, insourcing and creative funding that have allowed Hackney to emerge from the severe fiscal situation it was in 10 years ago.

It was this type of thinking that influenced the borough to partner with local community groups and other organisations to seek various opportunities for funding at the EU level which, she explained, generally comes as small grants or specific programmes that help jump start innovative ideas at the local level.

In addition to encouraging resilience in their fiscal situation, Demerci said it allowed an opportunity for the borough to look outward, and overseas, for ideas. This provided the borough with ideas on combining street cleaning with recycling on bin collection day for example: a seemingly banal activity but by combining it into one service, bringing it in-house and partnering with the community, the borough saved thousands of pounds, according to Demerci. They have pursued similar scenarios and partnerships with cycling schemes across the borough.

Demirci stated that the structure of the local government and the leadership from the mayor mean that no idea is ever thrown out without full consideration. No agenda is ever dominated by one person or interest group. This has empowered people and enterprises to participate and partner with local government in solutions to improve Hackney. Another example of this is the Hackney Energy project at Banister House: the council partnered with a local non-profit organisation to create a cooperative that residents can invest in and which will decrease carbon dioxide emissions, reduce energy costs and train young people as alternative energy technicians and entrepreneurs.

Mayor Pipe has been driving transformational leadership from his councillors as well as implementing a structure for a legislative-activist local government that will facilitate their work. In March 2014, along with other members of the Taskforce for Innovation in Local Government, Pipe published 'The First Report: The Case for Change'. The report argues that a constraining system of local government, locked

into old ways of doing things, will no longer be able to meet the needs of the local residents and restricts the ability of the local government and local councillors to pursue innovative and necessary solutions (Leese, Pipe and Taylor, 2014). Mayor Pipe was chosen to lead the Innovation in Local Government Taskforce in 2013 by Ed Milliband, the leader of the Labour Party, because of his ability to influence innovative change in Hackney. The report outlines what the Taskforce sees as the challenges facing local government and suggests the solutions (2014, pp. 2-9). First, they identify two opposing and key priorities, an increased need for local services alongside shrinking local budgets, as a dysfunctional system that forces local government to 'salami slice' budgets. The need for both, more services and reduced budgets, only serves to perpetuate the existing faulty system. The status quo is prone to inefficiencies created by acting in silos as well as structures that are unable to manage the complexity of the current problem. The report recommends devolution of power to local government based on three principles:

- that a people-powered system will break down silos and encourage innovative solutions to complex problems;
- insourcing or outsourcing will no longer address the financial failures of the system, and new models need developing that include collaboration and partnerships across public, private and social sectors;
- and that social service investment models need to be redirected more heavily towards early intervention rather than reactionary triage-type services.

Mayor Pipe is 'walking the talk' and is attempting to hold up Hackney as a model for the case for change. In the short term, there is evidence that his emphasis on transformational leadership and a legislative activist structure for local government is having a positive impact in Hackney. The question is whether or not this will, in turn, lead to a sustainable and thriving community for the borough over the next 15 years and beyond.

The future

Hackney has developed its 15-year Core Strategy (2010) as part of its Local Development Framework, capitalising on what seems to be early days of positive

economic growth for Hackney. However, the local councillors and the mayor believe there are positive indicators for future growth alongside these early shoots.

The Core Strategy has three main components represented by 'Delivering Sustainable Growth,' 'Supporting Neighbourhoods and Communities,' and 'A Dynamic and Creative Economy.' In 'Delivering Sustainable Growth' (Hackney Core Strategy, 2010, pp. 34-46), the plan focuses on infrastructure that will enable the population to increase and provide an environment where people choose to live. It seeks to accomplish this through investment and expansion of town centres, particularly around Dalston and Hackney Wick. It will improve local transport stations and add four new rail tracks. Housing will be improved and expanded through a programme of new development in Shoreditch, the area of the borough which is seeing the most business growth and has the highest employment, as well as engaging in estate renewal and building two new communities in Woodbury Down and Hackney Wick. Unlike Barking & Dagenham, in Hackney there is a direct correlation between the Local Economic Assessment outlining the strengths, weaknesses and opportunities of the status quo and the planned economic activities and goals detailed in the Local Development Framework 15 year plan.

In 'Supporting Neighbourhoods and Communities' (Hackney Core Strategy, 2010, pp. 58-71), there is a heavy emphasis on the input of social services and how this helps create thriving neighbourhoods. The section describes their investment plan for schools, GP surgeries and health centres, libraries and job centres. The report denotes an aspiration to create 'lifetime neighbourhoods' where services exist to meet all ages, ethnicities and incomes, as well as a clear plan for improving education through primary and secondary schools, including lifelong learning programmes geared towards the new economic job sector. There is also a very strong emphasis in this section on collaboration which details the types of partnerships they will, or hope to, engage in to achieve each of these goals. The partnerships are not simply public-private but refer more to a complex collective engagement of the public, government, corporations and the third sector, indicating a progression from the status quo into new and innovative structures for local government to meet future needs.

The third key section of the report, 'A Dynamic and Creative Economy' (Hackney Core Strategy, 2010, pp. 79-93) draws on several specific themes from the Local Economic Assessment, including an emphasis on creative and technology related growth and supporting entrepreneurship. Specifically, the strategy details investment in the social and business night-time economy as well as plans to make town centres hubs for families through additions of street markets. The section also details the investment and expansion plans for creative clusters which include new shared workspaces, incubator space and creative work locations that provide high speed internet and advanced technology provisions. Alongside these two activities, the council will build 22,000 new homes focusing mainly the same high growth areas of Hackney Wick and Shoreditch.

Figure 23: Hackney Local Development Framework, Core Strategy Overview (Hackney, 2010)



An exemplar of this part of the development framework that will receive additional investment and fostering is Hackney's Tech City. This is a public funded organisation that operates through forming private partnership and seeking investors.

Tech City refers to a web of interdependent businesses including technology and digital companies working in app design, games development and web programming. These businesses have propelled growth in Hackney by 52% since 2003 leading to the establishment of a creative technology knowledge cluster in Shoreditch. The cluster also includes supply chain companies specialising in business services such as digital marketing, events management, architecture, design and management consultancy firms (Tech City Overview, Hackney Local Economic Assessment, 2010).

'Tech City' has received broad interest and investment from a variety of global companies including BT, Google, Cisco, McKinsey and Company, Microsoft and a number of universities. The initiative fosters mature companies, supports new

start ups and provides an incubator for new ideas as part of the Olympic Park facilities now managed by Hackney (Tech City Overview, Hackney Local Economic Assessment, 2010). Central Government acts as a facilitator to the market rather than setting Tech City's strategy. Several of the corporations have come together 'to create a not-for-profit graduate entrepreneurship programme, introducing the Entrepreneurs Visa, sponsoring an Entrepreneurs Festival which brought together entrepreneurs and investors from across the US, UK and Europe, and providing millions of pounds worth of free publicity' (Tech City Overview, Hackney Local Economic Assessment, 2010). Hackney has created a globally competitive cluster of technology businesses that have been fostered, supported and invested in on the local level. Hackney's legislative-activist structure has enabled this activity which has flourished and encouraged 'ingenuity and a freelance culture that is willing to take risks, juggle multiple projects and is happy to lend their knowledge to whatever the creative task may be—including running a restaurant' (Tech City Overview, Hackney Local Economic Assessment, 2010). Further, those active in this global technology renaissance feel that 'Tech City has more in common with the grassroots digital scenes in global cultural cities such as Austin, Texas; or Berlin; New York City; than the larger areas that focus purely on enterprise like Cambridge Business Park or Silicon Valley' (Tech City Overview, Hackney Local Economic Assessment, 2010). The report also identifies global activities that have enhanced this economic activity: for example, that Hackney is linked into a global network of cities all working on similar initiatives and partnering to support each other. Hackney Council represents those interests abroad in coordinated activities such as 'Internet Week Europe', 'Global Data Link-up' (which is a collaboration of Hackney, Zurich, Singapore and San Francisco) and partnering agreements with Barcelona and Austin, Texas.

Finally, it is important to note that the Olympic investment that the borough sought and received also plays a role in the core strategy with an objective that states: 'Ensure the benefits of the 2012 Olympic and Paralympic Games and its legacy are harnessed to support economic, social and environmental improvements over the long-term' (Hackney Core Strategy, 2010, p.26).

Through both the legislative-activist structure that the elected mayor has championed and the transformational leadership of the local councillors, there is evidence that Hackney is poised to capitalise on its local economy in a global market.

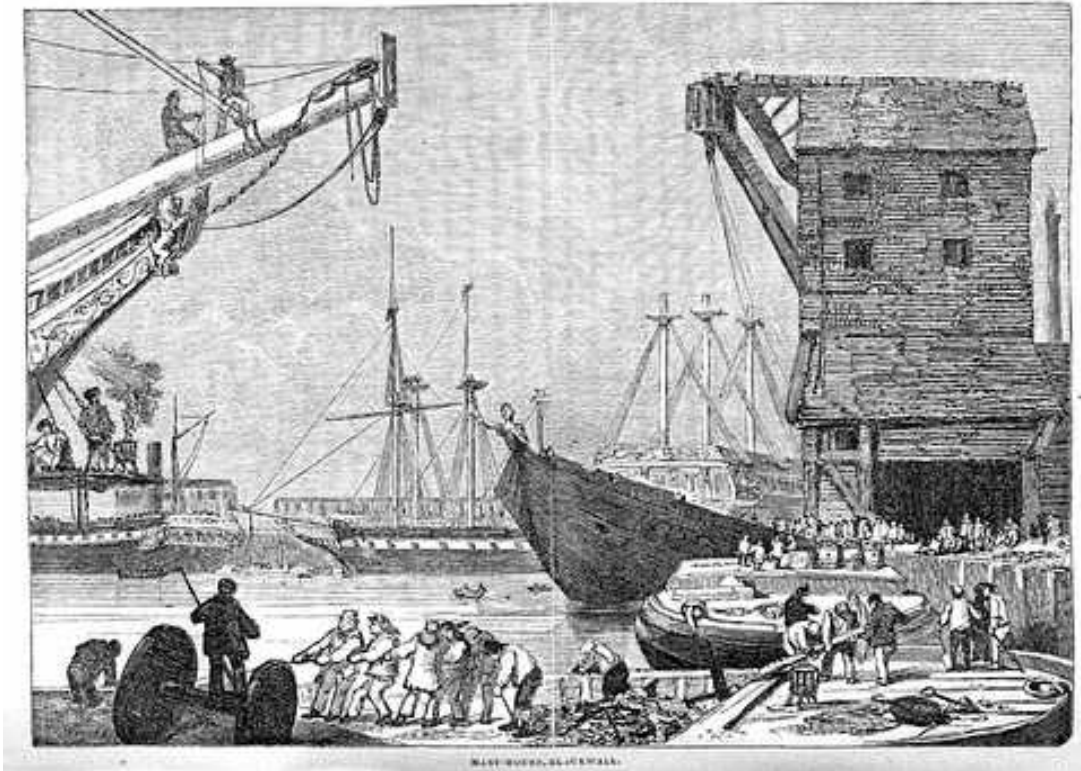
5.3.3 Tower Hamlets

The past

Tower Hamlets encompasses a large portion of London's East End and was until recently the epitome of what the term 'East End' had come to embody over the last hundred years: poverty, disease, houses of ill repute, overcrowded workhouses, dosshouses, and a thriving criminal element.

Our rambles have now brought us to the Docks; but, before describing them, we must glance backward at the scenes which in former years met the eye on the very spots which these vast basins now occupy. There are people still living who can remember when Blackwall Reach had for its landmarks grim gibbet-posts, on which the bodies of pirates bleached and blackened in the storm and sunshine, 'making night hideous;' when the whole neighbourhood beyond the Tower, instead of being the home of mighty ships - that seem to sleep after their perilous voyages in the Docks - was a nest of ill-famed streets and dangerous alleys, unsafe even in the open noon of day, and at night trodden with dread by the peaceful passenger; when the Tower Hamlets disgorged their lawless inhabitants to witness an execution on Tower-hill, attack a press-gang, or rescue some sailor from the claws of justice, to be borne in triumph to the nearest tavern (Miller, 1852).

Figure 24: The London Docks, The Mast House, 1852 (via http://www.mernick.org.uk/thhol/p_docks.html)



The Victorian era in Tower Hamlets is also the stuff of legends and is steeped in the area's illicit history and embodied in the Jack the Ripper murders in Whitechapel (1888), as well as the women's labour action of the Bow Matchgirls Strike of 1888 in which nearly 1400 women and girls protested against deplorable working conditions which were leading to serious health complications (Fishman, 1979). Tower Hamlet's history is famous for its infamy.

Situated directly along the north side of the River Thames, Tower Hamlets was a powerhouse of the docking and shipping industry with the East India Shipping Company establishing its headquarters there in 1722. In addition to industries related to shipping and the docks, the Hamlet has also housed a large garment industry that drew many Jewish families and then Asian workers to the area.

Tower Hamlets, similar to other East London boroughs, has experienced a population explosion. In 1801 the population was 144,000. This had risen to 254,100 by 2011. It made the biggest jump of any borough in England and Wales between 2001 and 2011 with a 29% increase in population (Historical Census Data,

December 2013). Interestingly, its ethnic demographics have also made a rapid transition over the last 20 years. In 1991, the population was 64% white British and less than 1% Asian. The numbers shift dramatically by 2011, resulting in an Asian population of 41% and a white British population of 45% (Census Data, 1991, 2011). At its height in the early 1900's up to 1970, the docks grew to employ approximately 150,000 people but by the 1980's this had plummeted to around 3000 (Canary Wharf grp plc., 2014).

In more recent history, poverty in Tower Hamlets continues to rise and, by the 1990's, anti-immigrant political parties were making headway in the local government, mainly by running on a platform that was opposed to the high influx of Bangladeshi people into the borough. In 1993, Tower Hamlets was the first location in the country in which the BNP won a council seat.

With the development of the banking centre on Canary Wharf that began in 1990, Tower Hamlets embarked on one of the greatest regeneration efforts programmes of the 20th century. It now houses one of the world's largest banking headquarters. And yet, for all this wealth, Tower Hamlets has been unable to shake off its Victorian East End persona and remains one of the poorest boroughs in England and Wales.

The present

Tower Hamlets Local Economic Assessment contains a reflection of its diverse and paradoxical past. The 'Business and Enterprise' section of the Assessment details how Tower Hamlets imports the most highly skilled jobs from across the country and exports the most low skilled jobs in their place (2010, Vol. 2, pp. 10-54). Its wealth is found in the banking and finance industry which forms 55% of the borough's total economy. The jobs are mostly focused on three geographical areas: Canary Wharf, Spitalfields and Aldgate which contain 60% of the total workforce. Being one of the world's largest banking centres means it has come to symbolise wealth, but it also means that more than half of Tower Hamlets' economic activity is completely dependent on the global economic situation, a precarious position given the instability of the global markets over the past ten years.

The 'People and Communities' part of the report reflects Tower Hamlets' economic divide (2010, Vol. 3., pp. 1-3). Whilst the number of jobs in the borough has doubled over the last 20 years, there remains a high unemployment rate among local residents. Most of the new jobs in the past decade require highly skilled graduates and there remains a lack of skilled workers within the borough.

In assessing the current state of 'Sustainable Economic Growth', the analysis describes the borough as one with both excess wealth *and* deprivation (Vol. 4, pp. 1-3). There has been a high rate of population growth yet those new residents are unable to afford the local housing. The assessment also identifies what it saw at the time as multiple benefits that will be provided by Olympic investment in 2012 that can complement additional regeneration projects across the borough.

In 2014, a healthy number of small and medium businesses started up, 12,705; with a 35% life expectancy, in five years, 4, 447 will still remain (GLA Intelligence, 2014). However, given the amount of turmoil and conflicting types of agency and structure the borough faces, they in effect, act to cancel each other out and do not help the borough make progress in gaining global fluency or effective economic development; this may also mean the borough will not be able to actively facilitate the local small and medium businesses to participate in local-to-global economic activities.

Figure 25: Tower Hamlets Local Economic Assessment Overview, 2010



Like Hackney, Tower Hamlets has a directly elected mayor. However, there are few further similarities with Hackney. During the period of interviews and fieldwork undertaken for this research, Tower Hamlets was represented by Mayor Lutfur Rahman, who was deposed as Mayor on corruption charges in April 2015. In addition, the Tower Hamlets First Party, the political party founded by former Mayor Rahman, is no longer recognised as an official political party by the Election Commission - although the interviewees were members of the party at the time of their interviews.

The Conservative government, led by Secretary of State for Communities Eric Pickles, claimed that former Mayor Lutfur Rahman had ties with terrorist organisations, committed election fraud, mismanaged public finances and used his position of power to grant political favours. 'Pickles told the Commons that Rahman had dispensed public money like a "medieval monarch" and oversaw an administration that was "at best dysfunctional, at worst riddled with cronyism and corruption". He said grants were distributed without rationale, clear objectives, monitoring or transparency' (Wintour, 2014). Mr Rahman and his supporters claimed they were the victims an anti-immigrant, anti-Muslim witch hunt by the

Conservative government which is afraid of a political machine that empowers those very communities.

On 31 March 2014, the television series BBC Panorama ran a feature where investigative reporter John Ware looked into the corruption allegations in Tower Hamlets. As one of the first boroughs with a directly elected mayor, Ware reported how Mr Rahman had 'rebranded' the borough using, for the first time, the mayor's name and picture. Similarly, Ware examined the allegations that the mayor used public money and resources to boost his political machine; this included the publication of a weekly boroughwide newspaper that almost exclusively reported on the activities of the mayor and his political party; and the use of the local Bangladeshi TV channel, Channel S, as a platform for political self-promotion. Ofcom, the government's communications regulator, determined that Channel S was indeed in breach of Rule 5.1 which dictates that news must be accurate and impartial (Ofcom, June, 2012, pp.4-9).

Mr Ware investigated the allegations of misuse of public funds and reported that Mayor Rahman ignored the council's budgeting recommendations and redirected £6m of public funding towards local Bangladeshi and Muslim organisations, citing simply that 'local information applied' (BBC, 2014). In addition, the mayor cut other funding streams by 21% to cover an increase of £3.6m in public funding to the same organisations. Ware claimed that these organisations are responsible for helping build the mayor's political base and influencing the high turnout and large number of votes for Mayor Rahman at the local election in 2014. Further, Mr Rahman was the only directly elected mayor of the current 15 mayors in England who refused to attend the local Overview and Scrutiny Committee which has the function of allowing council members and the public to question mayoral decisions in the redirection of public funding. In responding to the programme, Mr Rahman accused the BBC Panorama feature of being 'the mouthpiece for the opposition in Tower Hamlets' (BBC, 2014). Regardless of the allegations, Mr Rahman retained solid support in the borough among Bangladeshi constituents and won his 2014 re-election with 43% of the vote in a ten-candidate race. However, Mr Rahman could not overcome a court ruling that officially removed him from office in early 2015.

As previously noted in Chapter 3, trust of central government is at an all time low amongst the general public while trust of local government is at an all time high. Constituents, like those in Tower Hamlets, are more supportive of someone who is seemingly fighting for local jobs, redevelopment, and the needs of their families within local government which they trust, than accusations from central government which they distrust. The question then for all local constituents is not whether Mr Rahman engaged in behaviour that may be deemed corrupt, but rather whether he made Tower Hamlets a better place for them to live during his term in office.

However, following his dismissal, questions remain about how long the former mayor's base of support will last and whether it differs within first and second generation immigrant populations. A recent article in the Economist (2014) infers that a stronghold of the Bangladeshi political machine may be limited to one generation. As Bangladeshi children educationally out-perform poor white British children, they effectively become acculturated as British and do not have as strong an affiliation to Bangladeshi politicians as first generation immigrants.

The controversy in Tower Hamlets led Eric Pickles, in April of 2014, to appoint PricewaterhouseCoopers (PWC) to undertake an independent audit of the fiscal impropriety claims within the borough. In its report, released in October 2014, PWC (p.17) outlined the areas they investigated:

- a. The Authority's payment of grants and connected decisions;
- b. The transfer of property by the Authority to third parties;
- c. Spending and the decisions of the Authority in relation to publicity; and
- d. The Authority's processes and practices for entering into contracts.

PWC's results showed that the borough failed to comply with their statutory duty in three out of the four areas of focus and that, in the fourth, 'processes and practices for entering into contract', the borough had faced significant challenges and weaknesses. In particular, they found that in issuing grants to community organisations, the borough did not follow proper procedure or transparency; did not provide enough rationale for overriding and redirecting funds; allowed grants to flow

to organisations that were ineligible and had little or no oversight of the grants that were awarded (p. 18).

Following PWC's findings, Secretary Pickles ordered that Tower Hamlets be run by three independent commissioners appointed by central government through to 2017, a move recently pre-empted by the deposition of Lutfur Rahman and subsequent election of a new mayor, John Biggs, a Labour Party member (2015). In response to the Secretary of State's actions, former Mayor Rahman fired back that the accusations that he favoured Muslim organisations, or engaged in acts of cronyism or preferential treatment, were unfounded and untrue (Rahman, 2014). He claimed he faced a smear campaign because he was successful against the powerful political machine of the Conservatives in rallying active grassroots support and had instituted policies and programmes that succeeded in serving the people of Tower Hamlets whom central government has left behind. "In short we have embarrassed the political class. We have proved that in the heart of the London machine, national politics can be replaced by community politics – and some would have us pay dearly for that" (Rahman, 2014). Rahman is vehement that his administration served and supported the residents of Tower Hamlets. He severely criticises the Conservative government in saying, "I will not take lectures on 'the politics of division' from parties that bash immigrants and those on welfare benefits, or from politicians disgraced by expenses scandals, discredited by lies told to justify war, and intent on scapegoating the vulnerable in our society for an economic crisis caused by the most powerful" (Rahman, 2014).

The situation in Tower Hamlets, and in local government in general, is not uncommon. For example, in 1979, the 33-year-old mayor of Cleveland, Ohio, Dennis Kucinich, was challenged by a conservative political machine in a similar fashion. Kucinich was harassed by conservatives and the press as a petulant 'boy mayor' with an unruly cabinet that did not play by party rules. The conservatives threatened the mayor through their relationship with the banks by forcing the mayor to sell the public electric company to a private investor under threat of calling in all loans that the city had with the bank, effectively forcing the city into bankruptcy. Kucinich felt that the residents of Cleveland would be better served by a publicly owned utility and refused to sell. The banks called in the loans and the city went into bankruptcy.

The conservatives then pushed for a special election to have the mayor recalled and he was forced out of office. It wasn't until 17 years later that the residents, who were now facing rising utility costs under a private corporate electric company turned to Kucinich once again and elected him to the US Congress as the champion of the residents and working class. In doing so he also built a powerful grassroots political machine based on quality constituent service that the conservatives found difficult to beat. On the back of this commitment and support, politicians can build powerful political machines difficult to topple even under allegations, charges and threats from the highest level.

It was during Lutfur Rahman's time as mayor that three Tower Hamlets councillors were interviewed; Councillor Shiria Khatun, deputy leader of the Labour Group (2012), Councillor Andrew Wood, Conservative Party (2014), and Deputy Mayor and Cabinet Member for Economic Development, Oliur Rahman (2015) (no relation to Lutfur Rahman) of the Tower Hamlets First Party. Themes varied among all three of the interviews with some shared themes, such as the desire to up-skill local residents for greater participation in Tower Hamlets' economy; and a desire to re-direct more of the tax base from Canary Wharf into the borough. But, given the political differences, there was also a strongly shared theme of divisiveness and struggle between political parties, politicians and policies that acted as a barrier to achieving consensus on local initiatives. The two Bangladeshi Councillors, Khatun and Rahman, had a shared sense of deep commitment and desire for betterment of the local Bangladeshi population, whilst councillor Wood felt that the council's singular focus on the Bangladeshi population may divert attention and efforts away from other improvements across the borough.

Councillor Khatun faced a tough battle as a Muslim Bangladeshi woman in her aspirations to rise through the political ranks (Khatun, personal communication, 2012). She was heavily criticised by the local Bangladeshi papers for running and received multiple death threats against her and her family in the early days of her political career. However, she says that this resistance only drove her harder to work for the people of Tower Hamlets and to prove the cynics wrong.

Ms Khatun, who is also deputy leader of the Labour group, heavily lobbies for tax base money to stay in the local neighbourhood most impacted by new

development, especially neighbourhoods around Canary Wharf which sit in the shadows of the financial corporation high-rises. She is vice chair of the borough's Planning Committee and uses that position as much as possible to negotiate with local developers. It is a powerful position for someone who, at the time of the fieldwork interviews in this research (2012-2014), was not part of the party in power. But, in order to lobby financial corporations for local investment, she says that one cannot be an administrator; it is only as an activist and legislator that one can achieve success in local politics, particularly when not a member of the ruling party. She wants to continue to use her power to negotiate with local multi-national corporations to hire local graduates, as well as to train local non-graduates, to enter the global business arena.

Khatun blamed the then Mayor Lutfur for not driving through some of these initiatives. In her opinion, he lacked drive and had no activism to challenge and engage with the global businesses in the borough. She also claims that Tower Hamlets lost out on a significant portion of the 2012 Olympic development money because Lutfur was not an activist in the style of Sir Robin Wales of the neighbouring borough of Newham, which received a healthy influx of new money from Olympic development. She says it is a question of leadership, and whilst the former mayor of Tower Hamlets 'talked' about Olympic jobs for local workers, in the end only 29 applications were made for temporary employment, due to a transactional rather than transformational style of leadership (Khatun, personal communication, 2012). The International Olympic Committee (2012) estimated that:

...more than 46,000 people worked on the Olympic Park and Olympic Village, 10 percent of whom were previously unemployed. The five host boroughs surrounding the Olympic Park provided nearly a quarter of the workforce throughout the project. For example, the Host Borough of Newham had 4,364 residents employed by LOCOG... (IOC, p. 7-8).

Brick Lane, also known as Banglatown by local residents, is a well-known area and tourist attraction of curry restaurants and markets in the borough. Based on promises of Olympic development money and massive Olympic tourism, many of the small business owners were encouraged by the administration to invest in their businesses to prepare for the Olympic tourist trade. However, these businesses felt

they lost their investments when the tourism did not significantly increase. Khatun points out that the former mayor talked about development based on the Olympics but did not follow through with actions that would have marketed Brick Lane to global tourists during the time.

As an immigrant, Ms Khatun has a global view of the activities she wants to engage in, as well as a strong desire to rise within the Labour Party. She sees an opportunity to improve the lives of the residents of Tower Hamlets by connecting them with a global financial market on their doorstep, but she is constrained from pursuing this by the political structure of the former Mayor Lutfur. She has a clear transformational style of leadership and has sought to use it to bring global opportunities to local people but she feels she is prevented from implementing change by an isolationist style of administrative-executor local government.

Councillor Andrew Wood was one of the five Conservative councillors in 2014 in Tower Hamlets, sitting alongside 22 Labour, and 18 Tower Hamlets First Party members in the council. Mr Wood was keen to discuss what he sees as 'divisive politics' by the Tower Hamlets First Party and the then mayor, alongside corruption and election fraud (Wood, personal communication, 2014). Wood also says that the real power in Tower Hamlets rests with the developers of Canary Wharf and not with the elected mayor.

Secondly, Mr Wood discusses his priorities as a councillor in attempting to influence the agenda around development and building, particularly in building more affordable housing. However, he says that he is under no illusions that he has little power and ability to influence the agenda in any way. He sees himself as a facilitator and as someone who can, at least, draw attention to issues through his role, even if he is not able to bring about change. His biggest criticism of the former mayor and his party is what he describes as a lack of 'execution'. He feels that whilst there is a lot of talk and the illusion of big plans for the borough, there is very little delivery of those goals. He describes the then mayor and his cabinet as 'parochial' in their economic and social welfare plans. Mr Wood believes he is doing the best he can with the status quo and his position within it. He operates in a transaction style and heavily criticises the insular and executive-administrative style of the mayor.

Representing the party in power, Councillor Oliur Rahman is the Deputy Mayor and Cabinet member for economic development. He, not surprisingly, takes a contradictory view of Tower Hamlets First Party and the former Mayor Rahman than that of Councillor Woods (Rahman, personal communication, 2015). He feels that the then mayor is a committed leader and a driving force to creating innovative change in the borough.

Councillor Rahman describes himself as a Muslim, Bangladeshi, socialist, British, trade unionist. He says he cannot separate one from the other and feels that all of these elements encompass his identity. He says that in Bangladesh, the caste system still operates district by district, but that when the immigrants come here, he attempts to instill in them a sense of unity that everyone is equal. His interest in politics arose from activism against the Iraq war. He felt that, in order to make a difference, he needed to enter politics to create change. That change, he feels, is based on a personal commitment, a drive for better education, greater understanding of each other and is, above all, based on leadership. That leadership is what he feels Tower Hamlets First and the former mayor bring to the table.

Councillor Rahman believes that Tower Hamlets is a progressive borough and has been held up nationally as an example for many of the programmes they have implemented, including the free school meals programme and the transformation of the local schools. He believes they have been able to accomplish this through a top-down directive to “be more creative, explore things.” Further, he states, “We do not believe in cutting front line services, we do not believe in austerity.” He claims their initiatives are accomplished through assessing every stage of the work, seeking solutions early, negotiating and working with external partners.

Councillor Rahman also leverages his role as councillor to participate in international anti-war and global peace initiatives. It is his local elected role that provides him with the access point to be an activist on the global stage where he can make his views known. He is part of the UK & Islands Mayors for Peace; he attends international conferences and participates in United Nations delegations. Councillor Rahman would describe himself, and the elected mayor, as transformational leaders who are operating within a progressive legislative-activist local government structure; this view is very much at odds with those in the opposition parties.

In a re-run election in June 2015, John Biggs of the Labour Party won the mayoral election with a narrow majority against the Tower Hamlets First party candidate. The implications for both parties and future actions in the borough are yet to be known. Finally, the tenuous economic situation of the borough being at the whim of the global market through Canary Wharf makes any attempt at future economic stability prediction challenging.

The future

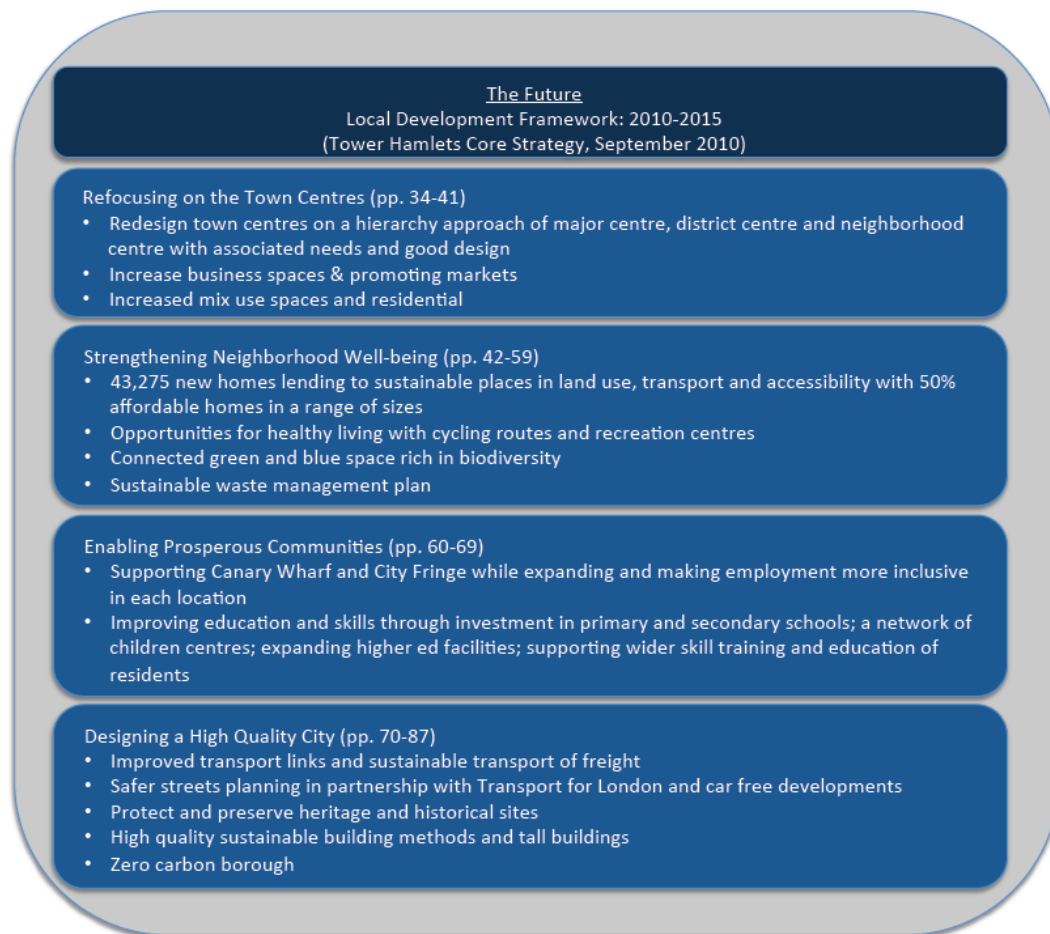
The Core Strategy of the Local Development Plan provides a glimpse into the potential future of Tower Hamlets. The Strategy outlines four primary areas of focus: 'Refocusing on the Town Centres', 'Strengthening Neighbourhood Well-being', 'Enabling Prosperous Communities' and 'Designing a High Quality City' (September 2010).

The Core Strategy has been branded as a primer to create 'One Tower Hamlets – diverse communities, distinct places' (2010, p. 20). The concept is a vision based on the current realities of the borough positioned under the main headings of 'people' and 'places'.

Under 'people', the plan recognises the high level of ethnic diversity in the borough and the expectation that its population will increase. It also acknowledges that the borough is one of the most deprived in the UK, which lowers life expectancy. Finally, it recognises that highly skilled workers are imported with over 200,000 commuters entering the borough each day, whilst concomitantly low-skilled workers are exported.

The distinct 'places' section details Tower Hamlets' unique position along the River Thames, its vast collection of green spaces and well know areas such as Canary Wharf, the Tower of London and the Docklands. It is with an understanding of these current realities that the Core Strategy has an 'aspiration to build 'One Tower Hamlets' – a borough where everyone has equal stake and status; where people have the same opportunities as their neighbour; where people have a responsibility to contribute; and where families are the cornerstone of success' (p. 22).

Figure 26: Tower Hamlets Local Development Framework, Core Strategy (2010)



The section that provides clear links from the Local Economic Assessment to the future planning in the core strategy is the ‘enabling prosperous communities’ section (pp. 60-69). This section details a plan for supporting Canary Wharf and the city fringe whilst also expanding the base of employment to other areas. Alongside this sits extensive plans for primary and secondary school improvements, investment in youth centres, expanding higher education opportunities and building the skill capacity of local residents. These programmes and activities would help to move local residents into employment, move children into more robust academies and seek to decrease the rich-poor divide across the borough.

In other aspects, the core strategy seems similar to that of other boroughs, including Hackney and Barking & Dagenham, with its refocus on town centres, increased mixed use business space, a massive focus on new housing, improving transport links, green space and environmental sustainability. As with all forward

planning, there needs to be confidence and support for a clear execution plan to turn a vision document into a reality. The research finds that amongst the current office holders in Tower Hamlets, there are conflicting opinions on the ability to deliver.

The Core Strategy details a delivery and monitoring plan in which the council and a group of partners own the vision with the plan being delivered by a third party, the 'Great Place to Live Delivery Group' which is part of Tower Hamlets Partnership. Whilst much is made of partnerships driving the vision and delivery of the plan, unlike the Hackney core strategy, the Tower Hamlets strategy does not detail who the specific partners are or will be, what the partnerships look like and how they will work. The core strategy paints a picture of a future Tower Hamlets but whether the picture becomes a reality is ambiguous.

5.3.4 Case Study Borough Comparisons

Thus far, this chapter has provided a view of the past, present and future of three East London local authorities: Barking & Dagenham, Hackney, and Tower Hamlets. The past is represented through the historical context of each borough's economic development journey. The present context is presented through the Local Economic Assessments completed by the borough as well as interviews with local councillors in each of the boroughs. Finally, the future perspective is analysed through a review of the boroughs' 15-year plans, from 2010 to 2025, embodied in the core strategy documents of their Local Development Frameworks. The three boroughs are now scored across *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013) with the purpose of assessing whether their past circumstances, present conditions and future plans (as described in this chapter) afford them the potential opportunity of participation in a global economy.

The structure of each borough is assessed against the traits and assigned a score as it relates to structural systems and processes. Each councillor interviewed within the boroughs is also scored along the 'Ten Traits' as it relates to their modus operandi.

The scores for both structure and agency are on a scale of zero to three. 'Zero' indicates a complete lack of global awareness. 'One' indicates a level of 'global awareness' on Clark and Moonen's phases of global fluency, i.e. there is an awareness of both global economic issues and drivers but no participation in these activities. The focus is primarily inward-looking, lacking evidence of an understanding of the local connection to global issues. A 'two' on the scale aligns with Clark and Moonen's phase of 'globally oriented', meaning there is an understanding of the connection between the local and global economy and initial steps have been undertaken to align the local area more closely with the global economy; however, it has yet to achieve a fully embedded and successful system of local to global activity. A score of 'three' indicates that full 'global fluency' has been achieved and the local area is completely embedded and successfully participating in the global economy.

Scores for agency were assigned following the analysis of the researcher and based on the responses provided in the personal interviews. Scores for structure were assigned in one of two ways, either based on responses from the interviewees as to the structure in which they operate or based on information provided in the Local Economic Assessment and Local Development Frameworks. When each of the 'Ten Traits' was scored under the structure category, the following aspects were considered and points were assigned at the estimation of the researcher along the lines of awareness (one point), orientation (two points) or fluency (three points). The indicators for applying the scoring are provided in Figure 19.

Figure 27: Scoring methodology for global fluency of local boroughs

Global Fluency Trait	Structural indicators in local government	Agency indicators in local elected officials
1. Leadership with a worldview	Scoring is based on responses from the interviewees as to whether their interest (if any) in global issues is supported by the local government framework, driven by local government leadership and to what extent it is embedded as an accepted practice within local government.	Scoring is based on the extent to which the local elected official is interested and involved in activities at the global level.

Global Fluency Trait	Structural indicators in local government	Agency indicators in local elected officials
2. Legacy of global orientation	Scoring is based on an analysis of the economic development documents and the extent to which the borough takes advantage of the global city of London to establish their own local to global economic development plans.	Scoring is based on interviews with local elected officials presenting an understanding of the local borough's role and benefit from proximity to London.
3. Specialisations within reach	Scoring is based on an analysis of the economic development documents and the extent to which they provided detailed plans of an area of specialisation that connects the local economy to the global economy in sectors such as technology (including alternative energy), finance, communications (including marketing) and/or fashion and design.	Scoring is based on local elected officials who are actively supporting and working to establish economic development initiatives and businesses that link the local economy to the global.
4. Adaptability to global dynamics	Scoring is based on an analysis of the past, present and future economic documents of the borough and determining to what extent it has the ability to overcome significant periods of change.	Scoring is based on the local elected official's self-proclaimed ability to drive change within the borough in areas related to the global economy.
5. Culture of knowledge and innovation	Scoring is based on an assessment of the boroughs demographics in education attainment levels, employment statistics and workforce readiness for global economic sectors.	Scoring is based on the local elected officials work to better position the borough to drive forward knowledge and innovation.
6. Opportunity and appeal to the world	Scoring is based on an analysis of the local economic documents to determine appeal both in entrepreneurship and tourism. The borough's attention to and investment in business support mechanisms as well as service industries such as hotels, restaurants and the general night-time economy is an indicator.	Scoring is based on the extent that activities of the local elected officials create an inviting borough for tourism and business relocation.
7. International connectivity	Scoring is based on proximity to varied and reliable transport links for the international movement of both products and people.	Scoring is based on the local elected official's understanding of global connectivity issues and their work to improve transport links.
8. Ability to secure investment for strategic priorities	Scoring is based on the extent to which the borough engages in innovative and collaborative partnerships to fund initiatives as well as demographics indicating a healthy mix of small medium and large business interests.	Scoring is based on activities undertaken by the local elected officials to seek out and secure strategic investment opportunities and innovative partnerships.

Global Fluency Trait	Structural indicators in local government	Agency indicators in local elected officials
9. Government as global enabler	Scoring is based on an assessment of the local political leadership through the responses of the interviewees as an indicator of the extent to which the borough's leaders use the government structure as a platform for global fluency, for example to drive recruitment of global talent and business or to help shape clusters of specialised industries.	Scoring is based on the activities of local elected officials to facilitate arrangements that attract business and people to the borough.
10. Compelling global identity	Scoring is based on the extent to which the borough has developed a brand that has global reach and the ability to attract both people and business to the area. Indicators in the economic documents include influx and lifespan of new entrepreneurial businesses, a changing population demographic towards skilled immigration and professionals, and recognised participation in global economic activity.	Scoring is based on activities of local elected officials working to establish a global brand identity for the borough.

Structurally, Barking & Dagenham had three categories in which it scored above 'zero'. It receives a score of 'one', the lowest rating of the three boroughs, indicating globally aware (but not active) in the categories of: Legacy of Global Orientation, Specialisations within Reach, and International Connectivity. In the first category, the borough was scored 'one' for an understanding of its proximity to the centre of London and an opportunity to capitalise on the housing market. The borough recognises the opportunity to connect to a global market but does not put in place any activity other than housing to capitalise on this global orientation. Within the category of 'Specialisations within Reach' the borough scored a 'one' for its attempts to establish a London Sustainable Industries Park for new technology companies; however, they have made little progress in populating the park or aligning it with technology sectors on a global scale. The borough also received a 'one' rating in the category of International Connectivity for their efforts to improve rail links and to capitalise on its proximity to London City Airport. Ultimately, most of the borough's structural practices and policies are an attempt to maintain the status quo, and the structure leaves little room for transformational leadership to operate.

An assessment of the agency of local officials found that some officials had global fluency traits and an awareness of opportunities. Moderate ratings were

marked for: 'Leadership with a Global View' expressed by one councillor, a 'Culture of Knowledge and Innovation' expressed by three councillors, 'Opportunity and Appeal to the World' expressed by three councillors and similarly three councillors discussing the role of 'Government as an Enabler' of partnerships with global reach. Specifically, within these categories, councillors recognised the potential of a local specialisation in green technology industries and an opportunity to invest in and expand the London Sustainable Industries Park and the need to build the skill capacity of their residents to participate and be competitive in a green technology economy. Three councillors also talked about the critical need of local government to be the enabler of activities which connect the local to the global through innovative partnerships, although they were not able to provide specific partnership examples.

The borough scored 'zero' both in structure and agency in the categories of 'Adaptability to Global Dynamics', 'Ability to Secure Funds for Strategic Priorities', and having a 'Compelling Global Identity'. The interviews provided evidence that it is poised to continue in the transactional status quo where councillors do not exhibit global fluency traits and there is little structural opportunity for transformational leaders.

Figure 28: Barking & Dagenham's global potential mapped on *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013)



Hackney rated high on both the structural and agency assessment as their structure not only encourages 'out-of-the-box' thinking and innovative partnerships, but also fosters transformational leadership. It is seeking solutions to its economic development challenges by engaging in global markets and connecting with international regions to identify best practices to bring home. The leadership has adopted a strong worldview by capitalising on London's technology, fashion and arts economies as well as through participating in global networks with other cities around also working on facilitating new economic sectors in their local areas. Because Hackney has a large number of highly-skilled graduate residents, there is a strong potential for these particular specialisations to succeed. The borough was also able to leverage Olympic investment in the form of development opportunities and legacy buildings which they are now able to put to use within these specialised markets; most auspiciously, it inherited the Olympic media building which is earmarked to be the home of BBC Sports and to provide technology start-up and entrepreneur space in one of the most hi-tech wired buildings in the world, placing this specialisation within reach of materialising and sustaining.

Hackney's economic turnaround during a time of austerity indicates it has an ability to be adaptable to global dynamics. However, it is unclear if the recovery can be sustained. During the last ten years it has been able to brand itself as an arts and technology hub, thereby creating a compelling global identity which is recognised in many places around the world. Finally, Hackney's councillors are willing to experiment with new ways of working, test new partnerships, and seek solutions abroad. It has shown that it can attract investment as well as tourists and that it is willing to engage in creative public/private partnerships to achieve goals. The overall assessment indicates that, based on current and future plans as well as a legislative-activist structure that is enabling its transformational leaders, Hackney has a high potential for global fluency.

Figure 29: Hackney's global potential mapped on *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013)



As assessed by the research undertaken in 2014, Tower Hamlets had a 'mixed bag' of councillors. Although the Tower Hamlets First Party claimed that structurally they were legislative-activist with transformational councillors, this was refuted by

the local Labour and Conservative parties which considered these claims to be mainly rhetoric; in their opinion, the Tower Hamlets First party was predominantly transactionally focused and managed through an administrative-executor style that was epitomised by an insular and inward-looking leadership team.

It is important to note that the assessments and scoring of the structure of the local government and agency of the local councillors were completed during the Tower Hamlets First Mayoral Administration. Structurally, the Tower Hamlets First administration capitalised on branding and marketing itself as a global financial centre. However, it only has one global specialism, which is its financial orientation, upon which the local economy is entirely dependent. The borough has seen an increase in tourism and has good connectivity and transport links. However, it is unclear if the structure is able to engage in the type of partnerships needed to guarantee long-term sustainability and the potential of investment in areas aside from finance. The Tower Hamlets First administration claimed it had the ability to form those partnerships, whilst the opposing parties refuted the claim. As it takes the helm in the administration in 2015, the Labour Party will now have an opportunity to test its mettle in their own claims of innovative partnerships and investment opportunities

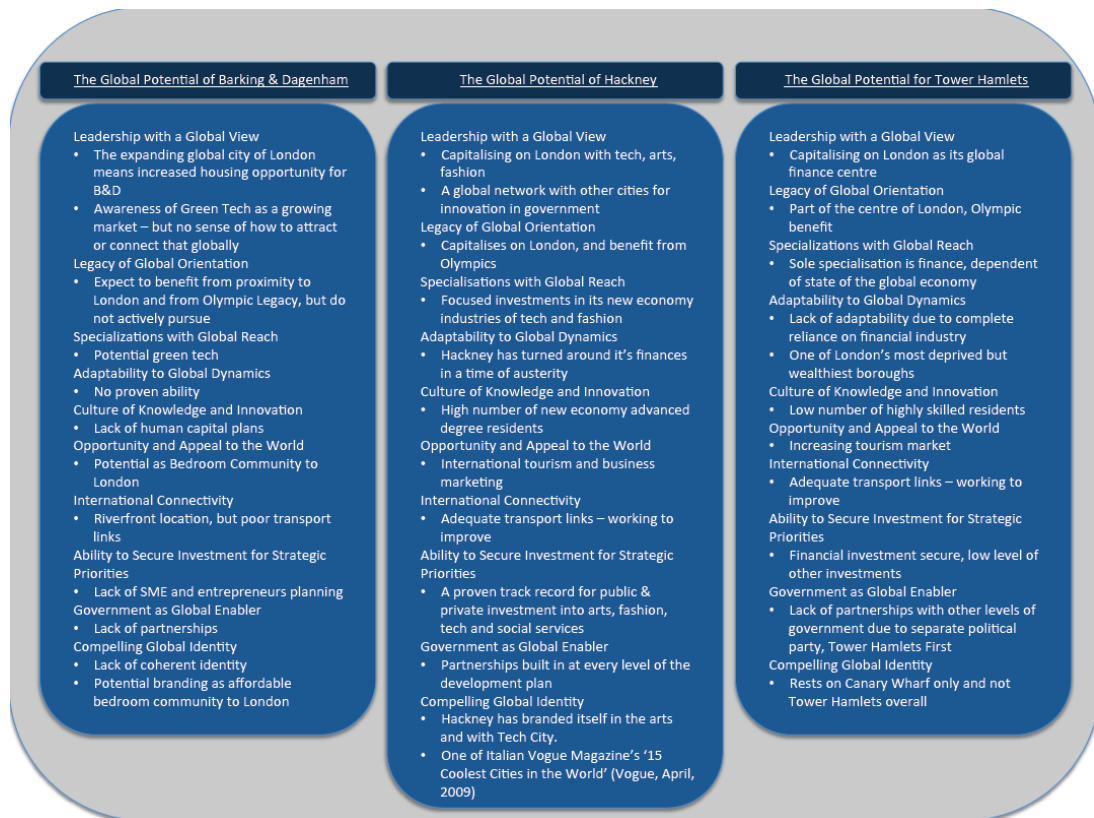
The agency of the councillors also reflects the pattern of uncertainty which is exacerbated by the political distractions within the borough. Two councillors demonstrate a world view, participate in global networks, have an understanding of what the residents need to be competitive in the global market and ideas for creative economic development. However, the political atmosphere, rather than the local government structure, prevents them from creating initiatives that can have a real impact. Of the three boroughs, it is not possible to determine if Tower Hamlets has the capacity to be globally fluent and to participate and facilitate a local to global economy.

Figure 30: Tower Hamlet's global potential mapped on the *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013)



The interviews demonstrated that each of the three boroughs and all of the councillors want the best for their area and its residents but they all adopt a very different approach to this desire. The three Local Economic Assessments seem to paint both a fair and economically difficult picture. Their local development framework contains big plans and hopes for the future. Mapping these across *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013) indicate that each borough is heading in a different direction in a globally influenced local economy.

Figure 31: *The ten traits of globally fluent metro areas* (Clark and Moonen, 2013) mapped across Barking & Dagenham, Hackney and Tower Hamlets



5.4 Conclusion

This chapter has looked at the practical implications of globalisation at the local level. It explores three case studies to elucidate how and why the three local authorities may or may not be making economic progress by connecting the local economy to the global economy. Some look abroad, innovate and market globally; others focus on keeping essential services running while cutting the budgets of non-essential services to do so. The chapter compared the activities, the local structures involved within local government and the behaviour of local elected officials in Barking & Dagenham, Hackney and Tower Hamlets in the East End of London. The analysis of these three boroughs provide initial indicators towards the overall hypothesis that transformational local elected officials in a legislative-activist structure are best positioned to contribute to revitalisation through connecting the local economy to the global economy.

The boroughs have a comparable 19th and 20th century industrial history; timber and furniture in Hackney, car manufacturing in Barking & Dagenham and shipping in Tower Hamlets. Each borough also experienced a decline of their industrial base post 1970. This decline brought with it a greater number of unemployed, a high level of poverty, a low level of education and advanced skills, and an increase in ethnic immigration. In addition, in the run-up and post the 2012 London Olympics held in the East End, all three boroughs saw the potential of Olympic Development Fund investment in business and infrastructure. Each borough was hopeful about the potential investments, but Hackney appears to have taken greater advantage than the other two.

The boroughs' Local Economic Assessments reinforce this narrative. For example, Hackney's assessment showed several critical and positive indicators whilst still facing economic austerity and recovery. In particular, it recorded a growing segment of its population with post-graduate degrees in the new economy sectors of technology, media, design and architecture. It also showed an increase in small-medium businesses and an increasingly entrepreneurial inclination among residents.

Barking & Dagenham operates under an administrative-executor structure, leaving little room for activities that do not conform to the delivery of essential city services. Where there are a few elected officials with transformational style and global interests, their activity is constrained by the rigid government structure. However, most elected officials are primarily transactional; their leadership style, along with an administrative-executor structure, combine to reinforce the status quo. The potential implications of this could be that the borough continues to stagnate and, for the foreseeable future, will make no economic recovery as it lacks the structure and agency to participate outside a local market. Barking & Dagenham brings into stark relief Nye's distinction between transactional and transformational politicians (2008). In doing so, it also provides a context for this research to create the dyadic pairing, indicating that transactional agency and an administrative-executor structure may no longer work to maintain a functioning local government in the era of globalisation.

Hackney's structure is one of openness and empowerment that facilitates the exploration and adoption of external and innovative solutions from best practices

and shared networks around the world. Recovering from a difficult financial situation may have provided the borough the needed catalyst to think 'out-of-the-box' and explore non-traditional partnerships for economic development initiatives. The elected mayor has encouraged this activity within the structure which, being legislative-activist, reinforces and enables the transformational leadership style of local councillors with global interests. There is evidence that Hackney is heading for improved recovery results with a solid and autonomous base of activities already of high appeal to the global market. The borough's activity reinforces Cerny's framework that a more porous boundary allows local elected officials to operate on the global stage in increasingly varying in high level roles which, in turn, drives globalisation itself (Cerny, 2010b). In addition, Hackney has capitalised on its position as a borough within the global city of London and aligned its new economic endeavours to support and reinforce the new economic sectors of London in technology and fashion.

In Tower Hamlets, there was conflicting structure and agency; it seemed to structurally be caught in a web of political divisiveness and alleged corruption. Former Mayor Lutfur and his appointed cabinet talked about innovative solutions, creative external partnerships and global best practices, but political opponents claimed there was no action to back up the rhetoric. Members of the former mayor's cabinet exhibited transformational leadership qualities and an interest in global economics and best practice. These behaviours were reinforced by the structure constructed by the former mayor but only limited to Tower Hamlets First councillors. The borough appears to have the potential for recovery through structure and agency but both are currently inhibited by political upheaval. However, Tower Hamlets supports Sassen's (2001) 'Global Cities' structure in acting as its hub for international finance.

Whether or not participation in the global economy will lead to long term sustainability for local areas will be dependent on the health of the global economy. If the global economy fails and the success of local economies is dependent on the broader global network, it may very well be the administrative-executor governments with dedicated transactional leaders which are able to steer their ship through the rough economic waters. Those which have put their eggs in one basket,

the global economy, through a legislative-activist structure and transformational leadership may find themselves left out in the cold due to a global economic downturn. The future is uncertain but if the trend towards globalisation continues, and if technology brings us closer together both virtually and physically, there may be no option but to move into the future as part of one interconnected network of global economies that are propelled by the local level.

Chapter 6

Conclusion: The Changing Role of Local Transformational Leaders and Ethnic Entrepreneurs in the Globalisation Era

6.1 Introduction

The 2015 British general election resulted in an outright conservative majority in the House of Commons and the coalition government of the previous five years was dissolved. Under the Conservative agenda, the devolution of powers from central government to local government is forecast to continue alongside widespread cuts and the privatisation of services. Local government will be expected to be more self-sufficient, more flexible, more economically adept and more creative than ever in order to deliver basic services and to implement economic revitalisation initiatives without the financial support of central government. If local governments hope to survive in a globally competitive economy, they will need to become globally fluent, implement structural changes and carry out actions that will connect local economic activity to the global marketplace. This research sought to examine the changing behaviours and structures at the local government level as a result of globalisation and an ever-pervasive global economy. The following key questions were considered: What are the behaviours of local elected officials that lend themselves to global participation? What are the structures of local government that lend themselves to global participation? What is the interaction of structure and agency? What role do local ethnic entrepreneurs with global businesses play in local participation in the global economy?

Specifically, the research sought to reveal the impact on agency of local elected officials through an examination of local political leadership and by considering transactional versus transformational behaviours. In examining agency of local elected officials, it sought to understand why they engage in various activities; their motivation; and whom they feel they represent in carrying out their work. Motivation was analysed as to why a local elected official might maintain an inward focus of basic service provision and constituent needs or, conversely, why their focus may be more external, looking outside the local borough and overseas for solutions

to local issues. Motivation was further broken down as either being driven by a sense of public or by political concentration. Exploring the idea of representation was undertaken to comprehend more broadly if the focus of activities was meant to impact specifically and solely on the ward and borough, or on the political party, the nation as a whole, or perhaps a commitment to forwarding a set of global ideals.

Local structures were examined to understand how elected officials were participating in local-to-global activities by reviewing the types of new activities in which they were engaging. Specifically, structures were examined in which local elected officials felt empowered to act on their own and engage in paradiplomacy or circumstances in which they acted collectively with other local elected officials through global networks.

The research sought to understand the impact of the two types of agency, transactional and transformational, when combined with the two types of local government structures, administrative-executor and legislative-activist; specifically, whether the resulting four dyadic permutations would lead to different outcomes in whether a local area was more likely to participate in and benefit from the global economy.

Ethnic entrepreneurs were examined as vehicles for economic growth: both through their activities and mindset to build global businesses at the local level, but also along lines of agency and structure. Agency, in the form of postnationalism, was considered in order to understand why ethnic entrepreneurs were inclined to build local businesses with global reach, rather than local businesses with just local or national scope. Their motivation was also examined to understand how they civically participated at the local level and in their country of origin. Structure was considered through a consideration of transmigration in order to understand how ethnic entrepreneurs set up 'born global' companies with built-in global reach, and how alignment with global cities facilitated their activities.

The activities of local elected officials and ethnic entrepreneurs were compared with each other to assess interaction and coordination through the lens of 'bottom-up' institutionalism. This was of particular interest where transformational local elected officials might be supporting and leveraging local-global ethnic entrepreneurs to help revitalise local economies.

In drawing conclusions on a local borough level of participation in global economic activities, the global fluency of each borough was assessed alongside Clark and Moonen's *The ten traits of globally fluent metro areas* (2013). Specifically, those boroughs that had a high level of global adaptability, growth in new economic sectors, an understanding of global economics and were actively participating and benefitting from the global economy were considered 'globally fluent'. Those which met several but not all the criteria and were actively working towards positioning themselves to participate better were considered 'globally oriented', and those with minimal understanding or global effort were 'globally aware' or did not register on the scale. The analyses allowed the three case study boroughs to be used as examples of the degree to which changing structure and agency lend themselves to a local area's global fluency, participation in a global economy and potentially local economic revitalisation.

6.2 Advancing the literature

The research conducted herein was based on a solid framework and history of research across different fields, including international relations, economics, immigration and politics. In particular, the exploration built on existing five areas of seminal research.

Firstly, when considering political leadership, Nye (2008) details and compares transactional and transformational styles of political leadership. The transactional style is represented in those working to maintain the status quo through dealings that are commonly accepted and embedded in the system. Transactional behaviour does not deviate significantly from an accepted norm of the roles and responsibilities within the structure of the administrative-executor. The transformational style of leadership emerges from actions that seek to change the status quo. Transformational leaders often seek out new and innovative partnerships and dealings and are not confined by the structures within which they operate. Nye's work helps to reveal agency, or the 'why' of the research conducted here, on local elected officials: firstly, whether a transactional or transformational style can

help clarify their motivation and, secondly, the self-reflective question of whom the elected official feel they represent in carrying out their work at a global level.

Secondly, the work of Cerny (1990, 1997, 1999, 2010a, 2010b), on transnational neopluralism, and of Sassen (1991, 2000, 2001), on global cities are used as frameworks to understand structure, or the 'how', of the new activities in which local elected officials may now be engaged at the global level. Transnational neopluralism in a broader sense helps to explain the changes at the national level of government which are making state boundaries more permeable, thus allowing for multiple actors to operate on the global stage. This provides a lens through which to view how local elected officials access the global market and become political actors in their own right. Global cities, and Sassen's work to detail the emergence and processes of the global cities, help tie the 'how' question closer to the local level by examining how global cities facilitate local actors to become international actors. Her framework is transposed here to smaller cities, namely London boroughs, to examine if, in some respects, they are able either to follow in the footsteps of global cities or contribute to the broader make-up of global cities, and thus participate in the global economy.

Overall, the work of Nye, Cerny and Sassen is also advanced through considering each of the aspects of structure and agency together in a dyadic formation to help reveal the potential implications of globalisation at the local level. The research considers whether a transactional or transformational style of leadership is more conducive to connecting the local economy to global economic opportunities; and if a legislative-activist structure, rather than an administrative-executor structure is better placed to enable the activity. It considers whether the types of structures in which boroughs operate impact on the two types of political leaders. The outcomes of the four permutations of agency and structure are then considered.

A major driver for local participation at the global level is to seek solutions for local economic regeneration or vitality. Ethnic entrepreneurs are considered in the research as one of the local drivers in this respect. In considering a similar framework of agency and structure, the research builds on two related areas of research, postnationalism and transmigration.

Thirdly, Soysal's (1994) framework for postnational participation, elucidating guest worker rights, is used here to understand the motivation of local ethnic entrepreneurs and their desire to not only build global businesses but to specifically do so as members of a local community. The research builds on Soysal's postnational migrant theory to provide the context for 'why' ethnic entrepreneurs are establishing local businesses with global reach.

Fourthly, to understand the structural component of 'how' ethnic entrepreneurs are able to build successful local-to-global businesses, the work of Schiller, Basch and Blanc-Szanton (1992) on transmigration is used as a foundation. Just as Soysal's original research (1994) focused on migrant workers and their expanding postnational participation, the work of Blanc *et al* focused on migrants who maintain ties with both their host country and country of origin. Using their theory, the research expands the concept to help explain 'how' local ethnic entrepreneurs are able to establish locally based, 'born global' entities which tie a local economy to the global economy.

Lastly, recent research by Clark and Moonen (2013) on global fluency traits of local metro areas is used to determine what each combination of structure and agency would look like related to in relation to engagement at the global level. According to their work, metropolitan areas that are globally fluent, as opposed to globally aware or globally oriented, have achieved the highest integration into the global economy. The research builds on this work by developing a scale to measure the extent to which the changing agency and structures at the local level indicate a connection to global fluency.

6.3 Methodologies of the Research

Based on the existing works described above, the new research encompassed three primary areas as they relate to globalisation: understanding agency and structure in local elected officials; understanding agency and structure in local ethnic entrepreneurs; and three case studies to provide a practical picture of what these changes look like in local boroughs and their connection to global fluency. The

boroughs examined in the case studies were Barking & Dagenham, Hackney and Tower Hamlets.

In examining the changing structures and agency at the local level, 14 local councillors were interviewed as well as the Member of Parliament for East London, Stephen Timms. Five councillors were from Hackney, five were from Barking & Dagenham, three from Tower Hamlets. One councillor was from the neighbouring borough of Newham, although the data related to his interview is omitted in the analysis as he did not represent any of the three case study boroughs examined here. Twelve councillors were members of the Labour Party, one was a Conservative and one was a member of the Tower Hamlets First Party. One of the councillors, Oliur Rahman, Deputy Mayor of Tower Hamlets, took the role of acting Mayor of Tower Hamlets during the course of this research. The councillors were questioned about their motivation to participate in local politics; their aspirations for their political careers; their involvement in global activities; their view of the impact of globalisation on the current activity in their local borough; and what, in their view, would be the likely future implications. These responses lent to the determination of their behaviour as transactional or transformational and how the structure of the local government either inhibited or facilitated their activity.

Five local ethnic entrepreneurs, all CEOs of companies based in central or East London and operating in the global marketplace, were interviewed. They answered questions related to agency and structure including their motivation to 'go global'; the ways in which they are able to reach out to a global marketplace; and their personal and social connections to both their homeland and current country of residence.

The three case studies also involved a review of past, present and future economic development initiatives. A historical review looked at the areas of manufacturing undertaken by each borough. The present economic situation was analysed by examining and comparing the boroughs' local economic assessments. Finally, a review of each borough's 15-year future economic development plans identified structure and activity that aligns with economic revitalisation as a result of a link between the local and global economy.

The interviews and economic development research were then used to paint a picture of the implications of globalisation at the local level. Specifically, this involved scoring the three boroughs along against Clark and Moonen's (2013) global fluency traits to determine if they were integrating, or seeking to integrate, their local economy with the global economy. The structure of the borough, as well as the agency of local elected officials, was scored against the 'Ten Traits' as well as the metrics related to entrepreneurship and leveraging of local-to-global businesses.

6.4 Outcomes of the research

Irrespective of past and present circumstances, there is evidence that all three boroughs are facing some level of fiscal challenge in the current era of austerity and globalisation. Nonetheless, some seem to be faring better than others.

The local elected official interviews revealed that transactional leaders in local government are no longer able to maintain the status quo of local services. The devolution agenda, coupled with budget cuts, means that even the most diligent of transactional public servants are, at a minimum, 'robbing Peter to pay Paul' in an effort to maintain basic services. Their options for funding sources generally include ever-diminishing central government support or traditional grant options. Their behaviour of seeking outmoded funding mechanisms initially led to the cutting of 'non-essential' services such as leisure centres, community centres, and youth activities, and now veer into more essential service cuts. In the three case study boroughs, seven transactional elected officials were identified out of the thirteen interviewed. They were mostly found in administrative-executor structures; for example, all five of the local councillors interviewed in Barking & Dagenham, a local authority with an administrative-executor structure, displayed transactional agency.

Transformational local elected officials indicated that they faced the same gloomy outlook and budget cuts, but are undertaking alternative measures to try to keep services running. Especially for those in local authorities with a legislative-activist structure, their tactics indicate some initial successes. They have sought creative solutions for land and building space; for example, turning part of a library facing closure into a business incubator to increase traffic and use of the library, and

encouraging entrepreneurial business ventures that may boost the local economy. Transformational leaders have also sought EU funding and grant money as part of collaborative third sector bids to fund local services. Some of the transformational leaders supported entrepreneurial ventures which subsequently led to global contracts for the businesses, as well as recognition and interest in the borough overall. Six of the thirteen local elected officials interviewed in the case study boroughs were deemed to be transformational. These transformational leaders were found more prominently in legislative-activist structures; for example, four of the five councillors interviewed in Hackney displayed transformational agency. The one councillor in Hackney displaying transactional agency chose to resign his elected position in March 2014 for a non-political civil service job.

The concept of agency as either transactional or transformational was further explored through elected officials' motivation as well as their reflections on constituent representation. Two types of agency in motivation were revealed and were found to be either related to a personal political agenda, in which the local elected official had aspirations for higher office, or it was found to be a public service motivation with a desire solely to serve and better the life chances of the constituents in the ward or borough. Six of the seven transactional local elected councillors displayed a public service agenda, whilst five of the six transformational officials revealed a political agenda as their primary motivation.

Representation was presented as a reflection of whom the councillor felt they were carrying out the activities of their work. Four types of representation models were revealed: local, national, political party and global. Transactional elected officials tended to demonstrate representation of their local ward or borough and believed that their work should have a direct one-to-one impact on their constituents alone. Three of the transactional officials displayed a broader intention of national representation in that the work they undertake on a local level should have positive implications for the country overall. Four of the transformational elected officials were driven by representation of their political party. They believed the work they undertook will advance the agenda and standing of their political party and of themselves within it. Two of the transformational officials felt their local work was a representation of a broader set of ideals, generally

based in a view of global activities; for example, how the local borough can contribute to climate change mitigation through local bike schemes, as in Hackney, or how they can recruit alternative energy companies from abroad to power local council estates with solar energy, as in Tower Hamlets.

All four types of representation may be bolstered through positive public opinion of local government, both in the UK and abroad, which indicates that the public has a severe distrust in national government and a greater level of trust in local government. This trust has enabled the councillors to pursue their individual motivations with local support irrespective of whether their agenda is political or public service focused and regardless of representation of local, national, political party or global ideals.

In terms of structure, the research indicated that the administrative-executor structure appears unable to facilitate any meaningful local revitalisation in the current austerity era. There is simply no structural capacity for anything other than the triage of local services. Amidst cuts, these boroughs have no opportunity to forward plan any economic development initiatives that might lead to a recovery. Within the administrative-executor structure of Barking & Dagenham, four of the five councillors were not undertaking any new types of activities, but simply those existing, inwardly focused, actions to maintain the status quo. One councillor was participating in EU level groups but was unable to connect the learning with her work on the local level.

The legislative-activist structure examined here appears to show some initial indications of success. The structure comprised four out of five transformational local elected officials. The one transactional councillor resigned his elected position in order to undertake a civil service position that prohibits political activity. He is ranked as having public service motivation alongside local representation and did not engage in any new economic activity on the global level; given his agency profile, it may be unsurprising that he left his elected position. Of the other elected officials within the legislative-activist structure of Hackney, three engaged in group global activities and one engaged in individual global activity.

Where there is a mixture of legislative-activist and administrative-executor structure and transactional and transformational agency, as in Tower Hamlets, the

three elected officials interviewed showed variations on motivation, representation and engagement in new activities. There was one transactional and two transformational councillors; one representing a national agenda and two representing a party agenda; two engaging in individual new activities; and all three motivated as political servants. These results are also not surprising given the turmoil, political corruption (as indicated by legal procedures) and party divisiveness found within the borough.

Looking at a cross section of structure and agency in each of the three boroughs provides the conceptualisation from which conclusions can be drawn. Barking & Dagenham is strongly administrative-executor in structure. Most of its councillors are transactional and do not engage in any type of new activity. The motivation is strongly along the lines of public service whilst motivation is firmly local or national. The borough has set low 15 year economic development goals and primarily hopes to lure those priced out of central London to live in Barking & Dagenham and commute to work elsewhere. The administrative-executor structure and transactional agency reinforce and support each other, but only to maintain the status quo. Significantly, they have far fewer small and medium businesses than Hackney or Tower Hamlets, thus an equally low number of global ethnic entrepreneurs. What the structure and agency are reinforcing is a system in which no meaningful movement is being created towards economic revitalisation or engagement in a global economy.

Tower Hamlets is further ahead in economic activity and regeneration than Barking & Dagenham; however, it has not yet positioned itself to fully take advantage of the activities in the global economy. Due mainly to its political situation of having several political parties at odds with each other (in 2014), it exhibits traits of both an administrative-executor and legislative-activist structure. Concomitantly, its councillors engage in some new economic activity but on a solely individual, not group, level. It has transactional and transformational local officials who feel they represent both the party and national agenda but all are driven by political motivation. However, given the amount of turmoil and conflicting types of agency and structure, they, in effect, act to cancel each other out and do not help the borough make progress in gaining global fluency or effective economic development.

This may also mean they will not be able to actively facilitate the local small and medium businesses to participate in local-to-global economic activities.

The conceptualisation of agency and structure in Hackney represents the combination of legislative-activist structure and transformational agency. Within agency, the local motivation is split between public and political servant, whilst representation is also split between political party and global ideals. The borough has joined forces with local third sector organisations to secure EU level funding for several programmes. Additionally, Hackney's branding efforts have led to international recognition as one of the 'world's coolest neighbourhoods' (Italian Vogue, 2014). The legislative-activist structure has been shown to support and encourage the activity of transformational leaders operating to represent the borough on the global stage. Hackney has also taken a financial risk of participating in several global technology business forums to both seek local investment for existing entrepreneurs and to entice new global ventures to re-locate within the borough. Their outreach to a global marketplace appears to be linked to an increase in local entrepreneurial businesses, increased educational attainment, global recognition and interest in the borough, and an investment from collaborative partnerships. Whilst the numbers are similar to those in Tower Hamlets, Hackney is actively working to engage small and medium businesses in their local-to-global efforts, which means there is an increased likelihood of ethnic entrepreneurs with 'born global' businesses contributing to the revitalisation of Hackney. The combination of transformational leadership and legislative-activist structure appears to be contributing to Hackney's economic revitalisation.

The research revealed that local ethnic entrepreneurs are in a unique position to connect local economies to global markets. They display postnational agency which demonstrates an instinct to create 'born global' companies, with each entrepreneur often creating more than one over their business lifetime. Identity varied between first and second generation ethnic entrepreneurs. First generation ethnic entrepreneurs maintained a visible connection to their homeland and positioned themselves as 'ethnic' entrepreneurs, whilst second generation ethnic entrepreneurs did not attach their ethnicity to their business ethos; they see

themselves as entrepreneurs, global young leaders, and innovators. They all indicated a strong motivation for local civic participation.

Structurally, first and second generation ethnic entrepreneurs in a more technologically and transportation-connected world display transmigrant properties; they establish a strong foothold in their host country as well as maintaining ties to the countries of origin. The ethnic entrepreneurs who were interviewed discussed their connections to the global market as one of a vast global network of family and friends ever expanding further afield. The effect on structure is threefold. Firstly, they build local businesses with global reach from Day One. Secondly, they build companies with a local physical presence but provide global connectivity to their solutions and products. These local companies collaborate with each other as well as position themselves as unofficial partners to global corporations. Thirdly, their markets are global cities, not countries. The entrepreneurs believe that cities position the businesses to interact with each other and allow a more personal interaction with their customer, even if the customer is global. The second and third effects also combine to create a unique outcome: ethnic entrepreneurs use globalisation to create virtual global solutions that physically manifest themselves in personal interactions at the local level. In this way, ethnic entrepreneurs are able to leverage their relationships with each other to seek opportunities for everyone and to bring it right back down to the local area. Instead of globalisation creating geographically disparate people and organisations operating in a virtual global marketplace, ethnic entrepreneurs have transmigrant connections to build global companies with local and in-person connections.

Although ethnic entrepreneurs may have a positive impact to local economies and assist in expansion to the global marketplace, it also appears that they are not, for the most part, coordinating their efforts with local elected officials. There was limited effort in some areas; one positive example is Hackney's inclusion of ethnic entrepreneurs in the establishment of the Tech City, and its coordination and facilitation of small and medium business incubators. Ethnic entrepreneurs articulated a general distrust of elected officials and government programmes. The ethnic entrepreneurs interviewed felt they were not engaged in, or the beneficiaries of, any government programmes to build up local businesses. This appears to be a

missed opportunity on both sides. Local boroughs need to have a resource that is appealing to a global market and that has a unique selling point. Ethnic entrepreneurs are increasingly playing this role in new economic sectors in local areas, with or without the coordination of local elected officials. Whilst the latter frequently talked about creating a more entrepreneurial-focused business community in their areas, they failed to make the connection that ethnic entrepreneurs in new economic sectors have a built-in transmigrant network and tend to create 'born global' companies. For example, Hackney Councillor Jonathan McShane, when asked about the role of ethnic entrepreneurs in the community, expressed a mode of thinking of the ethnic entrepreneur as the middleman and niche service provider, commenting that several new Turkish restaurants were contributing to the local economy by renovating spaces and opening in the city centre (McShane, personal communication, 2012).

Nevertheless, there are direct similarities and correlations between the local elected officials who are operating on the global stage and ethnic entrepreneurs who are building local-to-global organisations. They both exhibit a transformational style of agency, for example seeking creative partnerships and engaging with global corporations; as well as leveraging legislative-activist structure, for example aligning their efforts and businesses to new economic sectors of global cities and the global economy. They also appear to be reinforcing each other regardless of the fact that their efforts are minimally coordinated. Their concurrent (whilst uncoordinated) efforts appear to support Cerny's transnational neopluralism argument for bottom-up institutionalism:

Globalization impacts upon governance by altering the deeper structures which underlie governance processes and mechanisms, altering various conditions or parameters which affect the likely mix of hierarchy, market and network – whether in terms of socio-cultural structures, economic production and consumption, or political processes and structures (Cerny, 1999, p. 188).

In comparing the agency of transformational local elected officials and transmigrant ethnic entrepreneurs, several complementary similarities emerge. The transformational local elected official is driven by a belief in a political party

allegiance as well as having a commitment to a set of global ideals. They feel that solutions to local issues may be found on the global stage and these solutions will not only help the people who elected them but will also serve the general good of the political party and a broader set of global ideals to which the borough contributes; one example being climate change. Transmigrant ethnic entrepreneurs are driven by an instinct to create and to leverage their global work to serve both their local area as well as their country of origin or a broader set of global ideals to help people; for example, Dr Khatib's belief that if Medopad has created a solution to an issue that is faced by hospitals and patients around the world, he has an obligation to share this solution widely (Khatib, personal communication, 2014).

Structurally, transmigrant ethnic entrepreneurs and transformational local elected officials are working within the same structures. Both groups of actors are working on a premise that their closest allies, clients, or target markets are global cities, and not countries. They are seeking to align themselves with global cities to benefit from the new economic sector emerging within those global cities, as well as to create personal connections to drive their work. Similarly, both groups are leveraging individual and global networks to seek solutions and create personal connections to grow both their businesses and their commitment to global ideals. They also use global cities as a 'launching pad' to create those local global connections. For example, Jose Neves of Farfetch.com grows his business by connecting local boutique fashion designers in London to those in Milan and Barcelona but does not target all of Italy or Spain as a potential marketplace (Neves, personal communication, 2014).

This research thus provides a strong argument in favour of Soysal's hypothesis on where postnationalism may lead to over time:

Independent of country-specific characteristics, over time, we should expect the distance between citizens and resident non-citizens to narrow in terms of their formal rights, whether expanding or contracting. This distance should be even shorter between citizens and the European Union migrants given the extra layer of rights arrangements the EU provides (Soysal, 2012, p. 50).

These activities by both transformational local elected officials and transmigrant ethnic entrepreneurs reinforce Cerny's argument that 'globalization

both entails, and is itself driven and shaped by a process of the still uneven, but increasingly crosscutting, pluralisation of world politics' (2010a, p. 8). The activities occurring at the global level reinforce his position that globalisation itself encourages multiple actors which, in turn, creates a more pluralistic form of growing and intertwining the political landscape. In other words, it proves the theory that globalisation drives pluralistic participation which drives, and in turn, shapes globalisation itself.

Other variables can also play a significant role, impacting on whether a transformational agency and legislative-activist structure will succeed in the long-term. A significant global economic downturn would inevitably impact detrimentally on a local borough that hopes to rely on global business contracts to achieve recovery. This is particularly true in Tower Hamlets which relies heavily on its global financial industry as a means of lifting up other economic aspects of the borough.

Public opinion, which may also play a significant role in local success, has always been a fickle beast to tame. At any time, and for a variety of reasons, public opinion has been shown to shift significantly. A political personality has the ability to influence public opinion, for example, whether people love or hate Boris Johnson, the Mayor of London (since 2008), he has had a significant impact on public opinion and Londoners' trust in local government. Public opinion of participation in EU and global activities could also impact a local borough's plans for economic diversification.

Issues of international safety and terrorism may unexpectedly impact on a local borough's plans for investment. This may be the case, whether their economic future is tied to a specific geographic location or a specific industry, for example aviation or energy, which might be targeted or unexpectedly impacted by acts of global terrorism. Terrorism may also occur online and have significant impact on new technology economies. Local boroughs are taking a calculated risk by engaging in new markets or products that might make them vulnerable to other precarious activities on the global level.

Climate change is an issue that local boroughs may be able to mitigate locally but they have little control of its broader implications and its impact on geographic areas and industry sectors. For example, agricultural investments and businesses

with a large stake in the water industry could be significantly affected in a time of unexpected drought or natural disaster.

The issue of corruption has had significant and direct impact on the research undertaken here. During the course of the research, the borough of Tower Hamlets was involved in a corruption case surrounding its deposed mayor, Lutfur Rahman. Rahman was accused by local residents and the Secretary of State for Communities and Local Government, and found guilty by the UK High Court (2015) of election fraud involving misuse of public funds and voter intimidation through playing the 'race card' with Bangladeshi and Muslim voters. The then deputy Mayor, Oliur Rahman (no relation) declared himself the temporary Mayor and then was himself removed on a technicality of civil servants, through his primary employment with the UK Job Centre Plus, being barred from holding political office. In a re-election in June 2015, John Biggs, a Labour Party member, won a narrow majority against the Tower Hamlets First Party candidate to become the new Mayor of Tower Hamlets. The implications for both parties and future actions in the borough are yet to be known. Nonetheless, Tower Hamlets would be considered globally oriented in the research conducted here and would be well placed for local revitalisation through increased global participation.

6.5 Conclusion

In seeking to test the hypothesis that transformational local elected officials in a legislative-activist structure are best positioned to contribute to revitalisation through connecting the local economy to the global economy, the research here found that there is the potential for positive economic outcomes for local areas that encourage transformational leadership and facilitate it through a legislative-activist structure. However, given the small sample size of 14 local councillor interviews and three local London borough cases studies, these findings can not be considered definitive. The research presents positive indicators that the dyadic arrangement of transformational leadership and legislative-activist structure is likely to connect a local economy to opportunities in the global economy, which also shows positive indicators of local economic vitality. Further, within agency, it appears that a

politically motivated agenda advances local globalisation to a greater extent than a purely public servant agenda. Similarly, the concept of representation of both a political party and global ideals connects the local to the global with greater frequency than a local or national representation focus.

The three boroughs studied here have provided a preliminary opportunity to test Clark and Moonen's 'Ten Traits' (2013) in areas that are 'sub-sets' of a global city. The original 'Ten Traits' were developed to be a higher-level gauge to measure whether a broad metro area, such as Greater London, New York or Tokyo, was globally fluent. The research here indicates that these 'Ten Traits' may also provide a window into smaller areas of global cities. They may help determine which geographical areas in particular are adding to the success of a global city and which may be emerging. They can also provide a picture of the building blocks that create global cities and, at the same time, indicate the likelihood of smaller local areas setting up structure and participating in activities that can drive local economic development by connecting the local and global market.

Barking and Dagenham, which has transactional leadership and administrative-executor structure, ranks low on the global fluency scale. It steadfastly retains its administrative-executor structure that no longer serves the basic needs of the local constituents, and it reinforces transactional behaviour of local elected officials who continue to work tirelessly within the existing system. Tower Hamlets, with a mixture of both transactional and transformational leadership as well as a structure that falls towards the midpoint of being either an administrative-executor or legislative-activist, ranks as globally oriented on the scale for global fluency. It has positioned itself to take advantage of global economic activity, but a number of factors have prevented it from moving forward effectively. Firstly, the deposition of the former Mayor Rahman has placed any significant activity on hold as the borough transitions to a new mayor and a different political party in the majority. Secondly, Tower Hamlets' area of specialisation is limited to the finance sector and it inextricably relies on the health of the global economy to trickle down to economic recovery in the borough, which might prove a tenuous position to be in. Finally, it has not yet achieved the demographic shift in its population to move it towards global fluency. Tower Hamlets would need to

increase its educational attainment, encourage and support more local entrepreneurship in new economic sectors, and attract more permanent residents with a broader range of professional qualifications in new economic sectors to both live and work in Tower Hamlets.

Of the three boroughs, Hackney ranks highest on the global fluency scale, and appears to be on the verge of being a globally fluent local areas, and perhaps could be categorised as such already. Hackney has both a significant number of transformational leaders, including Mayor Jules Pipe, and a legislative-activist structure. Local councillors are both encouraged and supported in their 'out-of-the-box' thinking and approach to local economic development. It has been able to evolve from its wood and furniture manufacturing base, navigate through financial insolvency and position itself as a culturally diverse and sought-after place to live and work. Hackney has specifically worked to market itself and its existing technology industry as a global destination for technology start-up companies. It has seen a significant shift in its demographics towards more professional long-term residents who also possess higher educational and professional qualifications in new economic sectors, such as technology, design and architecture. It has fostered economic diversification beyond the technology industry in establishing an art and fashion sector that is connected to global fashion corporations and the global fashion market. The transformational activities undertaken, and the legislative-activist structure which has facilitated the actions, seem to have positioned Hackney for economic revitalisation through direct participation in the global economy.

The activities explored in the research reinforce Cerny's argument for bottom-up creation of institutionalism through transnational neopluralism by exposing the rapidly increasing work undertaken by local elected officials and on global stage (2010b). A comparison of the activities of local elected officials and ethnic entrepreneurs engaging in global economic activity lends credence to Soysal's hypothesis (2012) that rights between citizens and non-citizens will continue to narrow in a more interconnected economy, particularly with expanded treaty rights in the EU.

However, these activities do not happen in a vacuum. They must always be considered within a wider scope of the political, economic, social and cultural

landscape. Inevitably, there will always be an element of risk and variables that cannot be controlled. Local boroughs will have to determine if they are willing to undertake, and to what extent, that risk. Those areas that are firmly established in transactional style and administrative-executor structure may also find it difficult in the short-term to change their course. Practically, a major shift in the structure of local government is not an easy or quick undertaking. Government bureaucracy can and, in some cases, is designed to slow down the pace of change by providing a series of check and balances. Most elected officials will not suddenly shift from a transactional style of leadership to transformational; this is most likely to occur by replacing elected officials over a series of local elections. Barking & Dagenham provides an example of a borough that, over the course of 20 years, has attempted to maintain its traditional transactional style and administrative-executor structure. As a result, the borough has kept its attention inward-looking and has not attempted to create new economic opportunities with global reach. This has left it in a continuous state of economic decline. Hackney provides a good example of a borough that, over the course of 20 years, has made the shift from transactional and administrative-executor to transformational and legislative-activist and may provide a model for how other boroughs may undertake the change. However, not long ago, Hackney was in the same position as Barking & Dagenham is now; and Tower Hamlets is in a similar position today as Hackney was recently. Change is possible where there is a deliberate focus on the right economic initiatives facilitated by local elected officials, local government and inclusion of local entrepreneurs who are willing to take the necessary risks to connect a local economy to the global economy. Unfortunately, there seems to be few other options than to 'sink or learn to swim' in the area of austerity and globalisation.

As the UK has steadily shifted from a welfare to competition state, which seems likely to continue if not accelerate after the 2015 elections, the need for local areas to develop self-sustaining economic mechanisms that present new opportunities is becoming essential to their survival. This need is further accelerated by cross party support of the devolution agenda to shift budgetary and local service delivery away from central government and towards local government. Some areas have already positioned themselves to benefit from activity that

connects their local economy to the global economy without any influence, support or oversight from central government. As more and more areas look for opportunities for self-sustaining mechanisms, they might profitably consider adopting a plan for achieving the various components of global fluency which is more likely to occur in a legislative-activist structure driven by transformational leaders.

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